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Sa 58g

ILLINOIS CANAL SCRIP FRAUD.

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REPORT OF EVIDENCE

IN THE

*Investigation by the Grand Jury*

OF SANGAMON COUNTY, ILL.,

AT THE APRIL TERM OF THE CIRCUIT COURT OF SAID COUNTY, 1850:

1859

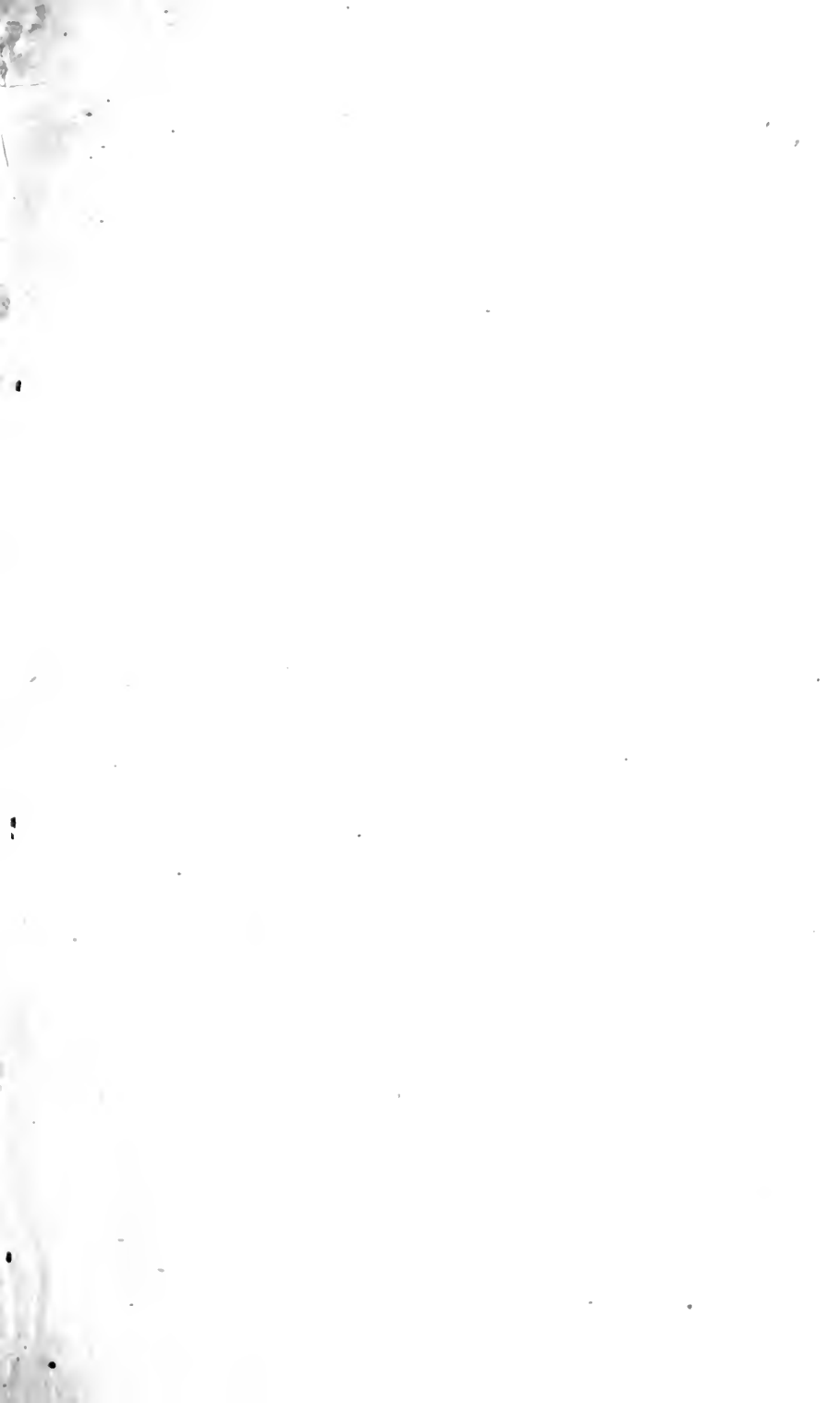
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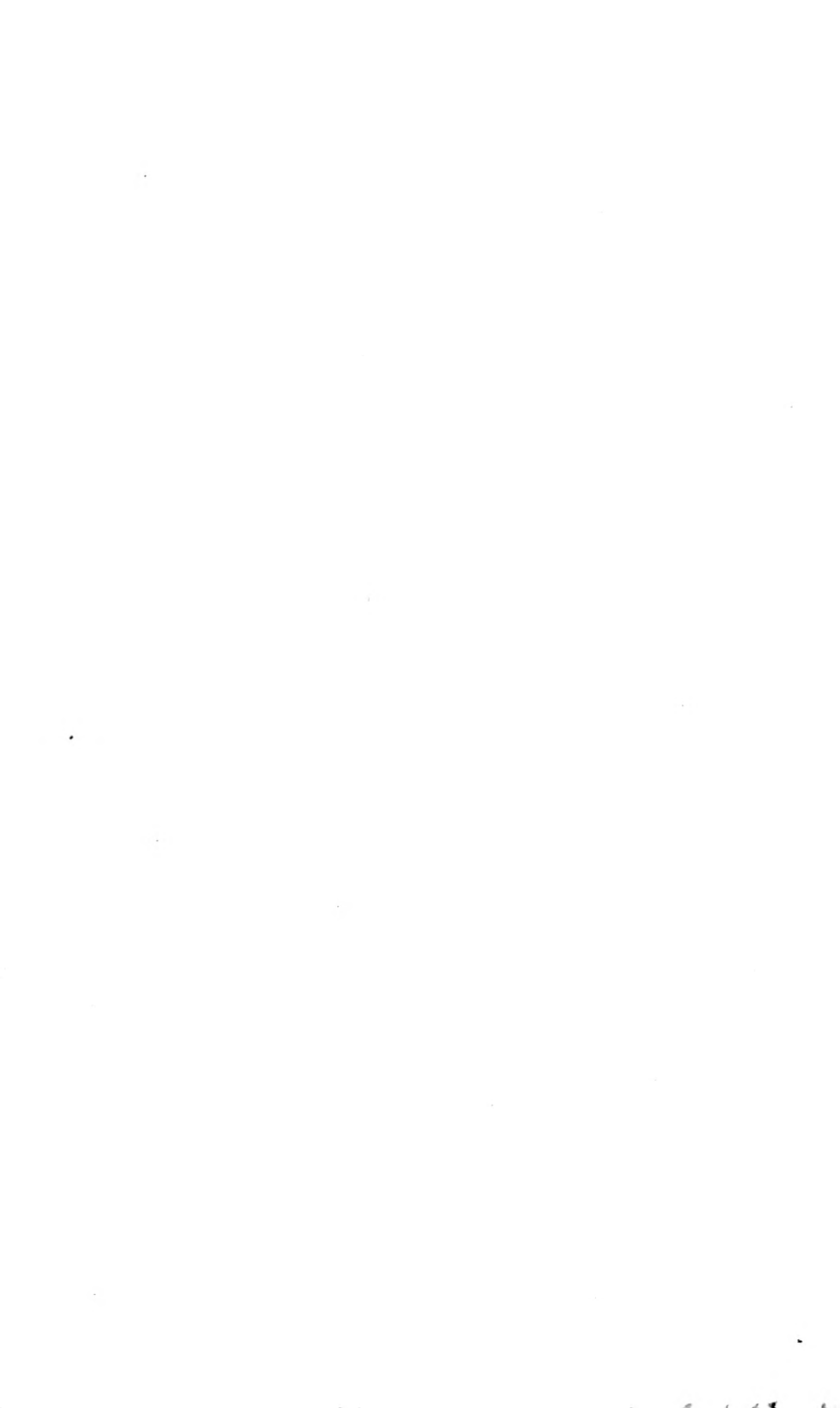
(Ordered to be Published by a Vote of the Grand Jury.)

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Class	Book	Volume
386	Sa589	

201M









# THE GREAT CANAL SCRIP FRAUD.

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MINUTES OF PROCEEDINGS,

AND

## REPORT OF EVIDENCE

IN THE

INVESTIGATION OF THE CASE,

BY THE GRAND JURY OF SANGAMON COUNTY, ILL., AT THE APRIL  
TERM OF THE COURT OF SAID COUNTY, 1859.

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Ordered to be Published by a Vote of the Grand Jury.

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SPRINGFIELD, ILL.

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1859.

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## INTRODUCTORY.

The Circuit Court of Sangamon county commenced its session at the Court House, in Springfield, on Monday, April 25th, 1859. The panel of the Grand Jury selected by the County Court, was as follows :

WILLIAM BUTLER,  
COUNCIL SAMPSON,  
WILLIAM VERMILLION,  
*Samuel H. Jemison,*  
WILLIAM CRAFTON,  
THOMAS KERLIN,  
JESSE RUELE,  
*Orlando Wadham*  
C. W. VANDEREN,  
*B. A. Vanderen,*  
WILLIAM A. LOCKRIDGE,  
*John Caldwell.*

ANDREW RAUCH,  
ARMSTEAD SIMS,  
WILLIAM PATTERSON,  
*Jacob J. Weber,*  
HARRISON BAKER,  
JOHN L. WILLSON,  
JOSEPH McDANIEL,  
*James T. Robinson,*  
*Abner Wheeland,*  
GEORGE POWER,

SAMUEL H. JONES,

Of the above, all except those whose names are printed in *italics*, appeared and were qualified as Grand Jurors. The names of those selected by the Court to fill the vacancies are given in the body of the minutes herewith appended.

## MINUTES OF PROCEEDINGS.

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GRAND JURY ROOM, *April 27th*, 1859.

The Prosecuting Attorney came before the Jury this morning and asked their attention, which was granted. He then stated that he had a communication to lay before the Jury, to which he wished to call their attention, and, handing the Foreman a letter, retired.

The letter was laid on the table, and the Jury continued the investigation of matters then before them.

During the day the Foreman called the attention of the Jury, and read the following letter and list of names thereto attached:

SPRINGFIELD, *April 27th*, 1859.

*To the Grand Jury of Sangamon County:*

GENTLEMEN :—The undersigned feel called upon to present to you for your consideration, a great fraud committed upon the people of this State, in the funding of what is known as “Canal Checks” once paid by the State; and request that you will give the matter such attention as the magnitude of the offence and the interests of the State demand.

Herewith you will find a list of witnesses, with their residences, whose testimony may aid you in your investigation.

Truly, Yours, &c.,

(Signed,)

JESSE K. DUBOIS,  
O. M. HATCH,  
JAMES MILLER.

## WITNESSES.

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ENOCH MOORE, *Springfield, Illinois.*  
 WM. F. THORNTON, *Shelbyville, “*  
 JACOB FRY, *Ottawa, “*  
 JOHN A. MCCLERNAND, *Springfield, Illinois.*  
 JOEL MANNING, *Lockport, “*  
 WILLIAM H. BROWN, *Chicago, “*  
 EZRA L. SHERMAN, “ “  
 MICHAEL KEHOE, “ “  
 JOSIAH MCROBERTS, *Joliet, “*  
 JESSE K. DUBOIS, *Springfield, “*  
 JOHN G. NICOLAY, “ “  
 HART L. STUART, *Chicago. “*

The Foreman then asked the Jury if it was their desire to go into the investigation, stating that the witnesses were residing in different portions of the State. He thought if they went into the investigation, it would require time to get the witnesses; he therefore wished to know the views of the Jury, and for that purpose, he would put the question—All who were for proceeding with the investigation, would rise to their feet—all rose up, except one Juror.

The Jury then instructed their Foreman to issue subpœnas, or have it done, to the several counties, returnable on Wednesday, the 4th day of May next—except for the witnesses residing in this county—that they set apart Tuesday next for the examination of witnesses in Sangamon county, so as to facilitate the investigation as much as possible. The Jury also instructed their Foreman to ask the Court to fill the panel from the panel selected by the County Court—only eighteen being present.—The vacancies were afterwards filled by the Court from the bystanders, as follows:

SAMUEL CLARK,  
 WASHINGTON E. MOORE,  
 JOEL BALLARD,  
 EDWARD PERKINS.

JOHN W. PRIEST,  
 A. D. MCGRAW,  
 JAMES MAXCY.

## TESTIMONY.

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May 4th, 1859.

ENOCH MOORE sworn.

*Question by the Foreman of the Jury :—*How long have you been acting as Secretary in the office of Fund Commissioner in this State?

*Answer.* I have been acting in that capacity sixteen or seventeen years.

*Q.* Are you acquainted with the different kinds of indebtedness of the State of Illinois?

*A.* I am. I am somewhat acquainted with several kinds of indebtedness.

*Q.* Do you know anything about a certain kind of canal indebtedness known as ninety-day checks, that was issued by the Canal Commissioners, dated in May and August, 1839?

*A.* I have seen such Canal Indebtedness.

*Q.* How many dated in May, and how many in August?

*A.* Of the issue of May, \$95,900—amount I have seen of August 1st, was \$10,900.

*Q.* Are those checks you have described made payable at the Branch Bank of the State of Illinois at Chicago?—and, if so, to whom are they made payable?

*A.* They are made payable to the order of the Treasurer of the Illinois and Michigan Canal at the Branch State Bank at Chicago.

*Q.* Are they indorsed by him—and if so, to whom?

*A.* They are generally indorsed by his name being written across the back.

*Q.* Is any portion of them indorsed to any other person—and if so, to whom?

A. In this bundle I find four indorsed, payable to the order of William H. Brown, Nos. 271, 207, 703, and 96, of date May 1st, 1839.

Q. Do you know of any law authorizing the funding of this kind of indebtedness—and if so, when did it pass?

Q. I think there was an act passed in the winter of 1847, authorizing the funding of State Scrip.

Q. Was this kind funded under that law—and if so, what amount?

A. In October, 1854, there was \$300 of this kind funded; and in July, 1856, \$200; and only in January, 1857, \$13,300 was funded.

Q. Whose name was this \$13,300 funded in?

A. \$5,000 in John Kellogg's name; \$8,000 in Caleb Johnson's name, and \$300 in name of William Smith.

Q. Did any portion of this amount funded as part of the \$13,300 include the Scrip you have described by numbers?

A. They did not.

Q. Did you ever see any one of the persons in whose name this Scrip was funded?

A. I don't know that I did, except Mr. Smith.

Q. Who handed you this Scrip, or lots of Scrip, making up this \$13,300?

A. I don't remember, unless it was Gov. Matteson.

Q. Do you know the numbers of the bonds issued on this Scrip?—and if so, give us the numbers.

A. Numbers 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, and a part of the bond to William Smith—899. The bonds were issued to bearer.

Q. Whom did you hand these bonds to?

A. I don't recollect.

Q. Have you ever seen those bonds since?—and, if so, where?

A. I have never seen any of them since I issued them. I see on the Auditor's Book Bond, No. 899 as being in the Bloomington Bank, as deposited as security for its issue.

Q. Was this or those amounts above specified, all of this kind of Canal Indebtedness funded while you have been acting as Secretary?—if not, how much, and when funded?

A. Ninety-three thousand and five hundred of that kind of Canal Checks was funded in March, 1857, or in February and March, 1857.

Q. By whom was it funded?

A. It was funded in several different names, but for Gov. Matteson, I suppose.

Q. To whom did you hand the bonds when issued?—and why did you think they belonged to Gov. Matteson?

A. I don't remember who I handed them to, but from conversation between me and Gov. Matteson I understood the bonds were for himself—from conversation that took place between me and him.

Q. Can you give us the numbers of the bonds issued on this \$93,500 of Canal Checks?

A. They are from 900 to 992 inclusive, and one-half of 993.

Q. What amount of interest was on those Checks up to the date of their being funded—that is, this last \$93,500.

A. \$45,729.

Q. Did the Canal Checks indorsed to William H. Brown, Cashier of the Branch Bank of the State of Illinois, as identified by you by numbers, constitute any portion of this last \$93,500?—and, if so, what bond did it go into?

A. The Scrip or Checks identified by me, indorsed to William H. Brown, Cashier, does constitute a portion of the \$93,500; and Check No. 703 constitutes a part of Bond No. 931; and Check Nos. 96 and 271 constitute a part of Bond 933; and Check No. 207 constitutes a portion of Bond 934.

Q. What was done with the interest due on the Checks up to the date of their being funded?

A. Interest Certificates was issued for it up to July, 1847.

Q. Were they numbered?—and, if so, give us their numbers.

A. They were numbered from 1,206 to 1,248, inclusive.

Q. In whose name were they issued?

A. In the same name the bonds were issued in.

Q. Has any portion of them ever been funded?—and, if so, in whose name were they funded?

A. The most of them have been funded, and in the name of

the Auditor of Public Accounts, in trust for the State Bank of Illinois.

*Q.* What amount has been so funded, and their respective numbers?

*A.* If I am correct, about \$34,884 has been funded. The numbers of the certificates making up that amount are from 1206 to 1209, 1211 to 1237, inclusive, and Nos. 1239 and 1240.

*Q.* Tell us the numbers of the interest bonds that the Scrip you have just described constitutes, and to whom were they issued.

*A.* They constitute Interest Bonds numbered from 37 to 69, inclusive, and most part of 36 and 70. They were issued to the Auditor of State in trust for the State Bank of Illinois.

*Q.* I see near ten thousand of the interest certificates yet unaccounted for. Can you tell us what became of them?

*A.* Nos. 1241 to 1248, amounting to \$8,555, funded and interest bonds issued for them. Nos. 162 to 169, inclusive, and part of 170 to the Auditor of Public Accounts, in trust for State Bank of Illinois.

*Q.* I see in the first part of your statement you mention \$300 of this kind of indebtedness as being funded in October, 1854. By whom was it funded?

*A.* It was funded by N. H. Ridgley.

*Q.* Do you know whether this is now claimed as being counterfeit?—and, if so, has suit been commenced for its value or for the amount it was issued for?

*A.* I understand it is said to be counterfeit, and that the Auditor has commenced suit for it.

*May 5th, 1859.*

Testimony of ENOCH MOORE continued.

*Question.* Do you know of any other Scrip having been funded by Gov. Matteson?—and, if so, state what kind and by whom funded.

*Answer.* Yes, there were other kinds than the Canal checks.

*Q.* Was there any funded of the denomination known as Ca-

nal 90 day checks, other than the \$93,500 spoken of yesterday in your testimony?

A. Yes, there was.

Q. Do you know what kind of Checks was funded in the \$13,300 funded in January, 1857, spoken of in the preceding part of your testimony?—and, if so, describe them and produce the Checks if in your possession, and give us their numbers.

A. Here are the Checks—they are numbered—or those without the Treasurer's name in the body of the Check—from 371 to 397, and from 399 to 406, inclusive, and from 408 to 416, inclusive—they are all dated August 1st, 1839.

Q. What do they amount to?

A. \$4,400—they are all one hundred dollar Checks.

Q. Can you give us the numbers of the Bonds issued upon the funding of those Checks you have just described?

A. They are part in Bond No. 886, all of Bonds 887, 888, 889, and part of 890.

Q. State to whom were these Bonds issued, and for whose benefit, if you know?

A. They were issued to John Kellogg, and I do not know but they were for him.

Q. Who was it handed you the Scrip for funding?

A. I think it was Gov. Matteson. I think it was his place to receive it, as he was *ex-officio* Fund Commissioner at the time.

Q. Has anything transpired since the funding of the Scrip above alluded to, to give you any impression who these Bonds actually belonged to at the time they were funded? and if so, state what it is.

Mr. Meggs (a juror) objected to the above question being answered by the witness.

The question being then referred to the Jury, it was decided to be a proper question.

A. I don't know anything has transpired to give me any different impression than that I had at the time they were funded. I have understood they were sent on to New York to be sold for Gov. Matteson.



Q. By Mr. McGraw. Who did you understand that from?

A. Mr. O. F. Lowe, of New York, wrote to me to that effect.

Q. Have you that letter?

A. I have it at the State House.

Q. Will you produce it?

A. I will, if the Jury will give me time. Here is the letter marked "B."

(COPY OF LETTER MARKED "B.")

NEW YORK, *March 10, 1859,*  
95 WALL STREET.

DEAR SIR:—Your favor of the 4th came to hand, and I am surprised there was any hesitation in regard to funding the Canal Scrip under the law of 1857. If the Scrip is genuine and the law has not been repealed, there is no course for the Governor to pursue but to fund, as desired. If he declines to do so, you will oblige me by supplying Interest Stock for such portion of the arrears as he chooses to discriminate in favor of. I trust he will determine to fund all, as I do not care to have a small parcel that may be repudiated by-and-by.

I have been fully advised as to the Canal Scrip investigation, and although much feeling has been excited here in regard thereto, I am truly pleased to inform you that your position in the matter has not impaired the respect heretofore felt for you by all who have experienced your courtesy and attention. The extremely censorious hint that there was collusion somewhere; but no one, so far as I know, has been so uncharitable as to connect your name improperly with the transaction. My business and friendly relations with Gov. Matteson have suggested to the unkindly-disposed that I might have known of the fraud before it was revealed, or at the time of its consummation, and perhaps profited thereby; but this opinion is confined to that class whose mischievous propensity is greater than their power to fix defamation upon character. Soon after the issue of the first Bonds for the 90 day Scrip, I sold for Gov. Matteson eighteen Bonds, Nos. 882 to 899. A part of these (886 to 899) were improperly issued, and are now held by some Banks in Illinois or Wisconsin. Can you inform me what Banks own them now? You can ascertain in the Auditor's office.

If the Governor has approved the law removing the agency, &c., I would be obliged for a copy, and also for instructions how to act as a Com'r. for Illinois. About the 15th March, 1855, Mr. Osgood receipted for the books, &c., to W. & S. and J. Wadsworth, and at the same time the American Exchange Bank receipted to Gov. Matteson and Mr. O. Copies of all the receipts and statements were furnished the Governor.

I remain, very truly,

Your friend,

O. F. LOWE.

ENOCH MOORE, Esq.,

*Springfield, Ill.*

*Q.* Is the foregoing a correct statement of your testimony as concerning the thing therein stated ?

*A.* Substantially correct.

*Q.* Did Gov. Bissell examine this \$93,500 funded since he came into office, that was handed you by Gov. Matteson ?

*A.* I do not remember certainly whether I showed him any part of it before it was funded.

*May 6th, 1859.*

JACOB FRY called, appeared in Grand Jury Room and sworn.

*Q.* How long have you resided in Illinois ?

*A.* I have resided here, or in this State, forty years, I think.

*Q.* Have you been acting as Canal Commissioner in this State ? and if so, when did you commence and when did you cease acting in that capacity ?

*A.* I commenced acting as Commissioner in March, 1837, and ceased acting as Canal Commissioner when Trustees, or Board of Trustees, of Illinois and Michigan Canal was organized, which took place in May, 1845, if I am not mistaken. I was then appointed by Gov. Ford as State Trustee, and acted in that capacity up to June, 1846 or '47.

*Q.* Were the affairs of the Canal during the time you were acting either as Trustee or Commissioner such as to require you, acting in conjunction with others, to issue any kind of indebtedness to contractors or other persons to whom the Canal was indebted ?

*A.* The affairs of the Canal were such as required the Board of Canal Commissioners to issue both Scrip and Checks.

*Q.* Had you the power, or were you authorized by law, to issue the kind of Checks that were issued May 1st and August 1st, 1839 ?

*A.* We had—they were issued by authority of law.

*Q.* Can you state the amount issued in May 1st, 1839 ?

*A.* Of the regular Checks of the May issue, \$219,324 ; and

of what we termed the irregular Checks, \$49,735—making a total of \$269,059. The irregular Checks were Checks issued to a contractor on the Canal for the amount due him, or in such sums as he called for. If a balance was due him over and above the specific amount he had called for in one check, we paid him what we called regular checks for the balance. The regular Checks, both of the May and August issue, were issued in sums from \$1 to \$2, \$5, \$10, \$50 and \$100. The May issue was all made payable to the order of John A. McClelland, Treasurer, and the August issue to John Calhoun, Treasurer. The August issue was all \$100's—of those denominated the regular Checks. All the Checks of the May and August, 1839, issue, were made payable ninety days from date, at the Branch Bank of Illinois, at Chicago. Three thousand eight hundred and twenty-two dollars of the regular May issue was registered and charged to the Treasurer, but never put in circulation.

*Q.* Here are some Checks, purporting to be of the May issue, Nos. 703, 271, 96, 207,—are they a portion of the May issue you have been describing?

*A.* They are.

*Q.* Have you any of the Checks of the August issue you have been describing?—if so, show them to the Jury.

*A.* I have, here. They are three in number; being Nos. 125, 922, 949. They are genuine, I think.

*Q.* How many of the August issue have you now in your hand of the denomination of \$100?

*A.* Forty-four—all hundreds.

*Q.* Did the Board ever issue them?

*A.* They never did—they never put them in circulation.

*Q.* Please give me the numbers.

*A.* They are Nos. 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 399, 400, 401, 402, 403, 404, 405, 406, 408, 409, 410, 411, 412, 413, 414, 415, 416.

*Q.* Do you recognize this, or these Canal or Bank Checks,

as you term them, as the same you have been describing, as of the May or August issue of 1839 ?

A. I do.

Q. Have they ever been paid, of your own knowledge ?

A. They were paid by the Bank. We had the money there for that purpose—they took them up and charged us with the amount. Gen. Thornton took up about one hundred thousand dollars of the May and August issue, as I now recollect.

Q. Has all of the May and August issue been paid and taken up ? If not, what amount remains outstanding ?

A. When I was superseded, in 1847, they were all paid and taken up except \$315 of the May issue ; and I reported the fact to the Governor and he laid it before the Legislature, as I see it has been published.

Q. Did you ever caution the State officers against receiving any of this kind of State or Canal indebtedness, saying it had all been taken up, except \$315 ?—and if so, when did you warn them ?

A. During the session of our last Legislature, Mr. Campbell, of La Salle, showed me a \$100 Check of the May issue, and asked me if I knew about this. I told him I knew it was a counterfeit—that there were no \$100 Checks in circulation—they have all been paid and taken up many years ago. I then wrote to Mr. Manning, calling his attention to it, and told him my recollection of the matter was that it was all paid, and asked him if I was correct—he answered me, I was correct. I then went and told Col. Dubois about it, and put them on their guard about it. Mr. Dubois then called for Mr. Moore, and asked him if any of this kind of stuff had been funded. Mr. Moore remarked that a good deal had been funded. This was the first I ever heard of the fraud.

Q. Was Joel A. Matteson a contractor on the Canal at any time while you were acting as one of the Commissioners ?

A. He was.

Q. Did you, or any one of the Board, ever pay him for work done on the Canal with Scrip or Checks of the May or August issue ?

A. I can't say whether any of the Checks above spoken of were ever paid to Joel A. Matteson, but my impression now is that there was some of the kind paid to him.

Q. Tell the Jury what you know—if anything—about the 90 day checks of the regular issue of date May 1st and August 1st, 1839, of all denominations, after they were paid off and returned to the Canal Office.

A. We got a box made and put all the Checks in it that were redeemed up to that time—the 90 day Checks of May and August issue. The denominations that were issued were \$1, \$2, \$5, \$10, \$50 and \$100. I speak of the regular Checks. There may have been irregular Checks in the box—my impression is, there were—they were tied up in bundles with an envelop around them, and the amount of each package marked on the envelop. A schedule of the amount of each bundle was made, one copy of which was packed up with the Checks in the box—another copy was kept by the Canal Board. The box was nailed and wrapped with red tape—an auger hole bored in the edge of the box where the lid and side join together—the hole filled with red sealing wax, and the impression of the official seal of the Board placed upon it. The box was then taken to Chicago by Mr. Manning, the Secretary of the Board, and deposited in the vault of the Branch of the State Bank at Chicago—remained there during my continuance in office as State Trustee, which, if my recollection serves me, was in May or June, 1847.

Q. About what time was this box packed?

A. My recollection is, it was packed in December, 1840.

Q. Have you any further knowledge about it?—if so, state all you know.

A. When I was superseded by Col. Oakley, I took his receipt for it—I have no further knowledge of it.

Q. Have you any knowledge of any other box being in the Bank, and containing property, or anything else belonging to the Canal Board?—and if so, please tell the Jury all you know about it.

A. There was a small box, about the size of a candle box

packed by Col. Manning, some time in 1842, containing Canal Sight Checks and others of various denominations. There might have been some Scrip in it. A schedule was made of the number of packages and the amount of each package, and a copy left with the Board of Canal Commissioners, and the box turned over to Col. Oakley, and his receipt taken. The aggregate amount of Checks and Scrip in the box was a little over \$25,000.

*Q.* By W. E. Moore. Do you positively know that the packages put in the first named box contained the amount marked on their respective envelopes?

*A.* I would not undertake to say positively that they did—I did not count them—but I have no doubt, in my own mind, but that they did contain the amounts so marked on the envelopes.

---

*May 7th, 1859.*

Mr. JOEL MANNING sworn.

*Q.* Have you been acting as Secretary to the Board of Commissioners of Illinois and Michigan Canal, and if so, how long?

*A.* I acted as Secretary of the Board from the time of its organization till it went out of the hands of the State into the hands of the Trustees—from the winter of 1836 to the summer of 1845.

*Q.* Do you know anything about a certain class of Canal indebtedness, issued by the Board, denominated 90 day Checks—issued first of May, 1839, and first of August, 1839?

*A.* Those issued first of May, 1839, we denominated on our books as 90 day Checks, No. 1; and those of August, 90 day Checks, No. 2.

*Q.* Tell the Jury what amount of 90 day Checks, No. 1, was issued or put into circulation, of the May issue.

*A.* What we call the regular Checks are of the denomina-

tions of \$1, \$2, \$5, \$10, \$50 and \$100. The irregular Checks are those issued to contractors in such amounts as they requested.

*Q.* What amount of the regular Checks of the May issue was issued, and what amount was put into circulation?

*A.* Of this description of Checks there were \$219,324 made, put into the hands of the Secretary, and charged on the books to the Secretary and entered upon the register; but as they were not all needed, only \$215,502 were put in circulation. Three thousand eight hundred and twenty-two dollars remained in the hands of the Secretary, in sheets, and not cut up.

*Q.* What amount of the August issue of the regular Checks was issued and put into circulation?

*A.* There was \$30,000 in Checks of \$100 each, fully executed, charged to the Secretary, and put into circulation, and I believe there were as many as three packages containing one hundred Checks each, of the same denomination, which was partially executed—some more, some less complete—which were never charged on our books or put into circulation, and considered and treated by us as blank Checks.

*Q.* Were all of these Checks made payable at the Branch Bank of the State of Illinois at Chicago?

*A.* I think they were all made payable at the Bank of Illinois at Chicago, to the order of the Treasurer—those of the May issue to the order of John A. McClernand, and those of the August issue to John Calhoun.

*Q.* How many of the Checks you have been describing, of the May and August issue of 1839, have been paid?

*A.* All but \$315.

*Q.* What was done with them after they were paid and taken up?

*A.* Upon the return of the Checks to the office, they were carefully counted, entered on the register as returned, and the amount entered on the books of the office, the Checks themselves deposited in the safe, with the amounts noted on the

wrappers of the several packages. This was done each time, as these Checks were returned. They remained in the safe until December, 1840, when a box having been prepared for the purpose, they were taken from the safe and carefully re-examined by Gen. Fry, myself and Mr. McFarlane, my clerk, and lists taken specifying the amounts in the packages, and then these packages containing all these Checks, at the time or up to that time returned to the office, were put into the box, together with other Checks, so returned, and withdrawn from circulation, with a copy of the said list put into the box, also one into the safe. The box was then closed and sealed up, and taken by me to Chicago and delivered to the Branch Bank there, to be put into their vault for safe keeping. At the time of packing up the Checks, as above stated, there were seven hundred and twenty-two dollars of them still not returned, part of which were subsequently returned, so as to reduce this amount to three hundred and fifteen dollars, as I have before stated.

*Q.* Please state to the Jury whether you had that box made—if so, describe it as minutely as possible, and how it was sealed.

*A.* I had the box made for the express purpose of packing the Checks in it. It was of pine boards, at least an inch thick, something like two feet square, a little less than that in height. The box was sealed by countersinking and filling with sealing wax, either over the screws or nails which fastened on the lid and bottom, or across the seams between the lid and bottom, so that they could not be taken off without breaking the wax, and upon this, while soft, was impressed the public seal of the Canal office.

*Q.* Did this box you have been describing contain the May and August issue of what you term the regular 90 day Checks?—and if so, are any part of this bundle the same Checks you put into that box?

*A.* I put into the said box all of the said Checks which had been returned to the office up to that time, and most of the



Checks now before me, brought in by the Auditor, are the same that were packed in the box.

*Q.* Was any portion of these packed in the box canceled at the time they were packed?

*A.* We packed the Checks as we received them from the Bank—those of the denominations of \$50's and \$100's were not cut with a canceling hammer—a part of the smaller denominations might have been—I do not now recollect. In the condition, in this respect, as we received them, so we put them into the box, and I find, among the Checks now on the table before me, none of any denominations except fifties and hundreds of the said issues of May and August.

*Q.* You spoke of Checks of the August issue, as being partially filled and put in three or more bundles, of ten thousand dollars each—please tell the Jury what became of them, if you know—and were they canceled when you last saw them?

*A.* When we packed the box of which I have been speaking, we intended to put in all the Checks of the said two issues, then in the office, and we did put in those which had been circulated and returned, the sheets of the May issue which were executed but never circulated, and also all the unfinished Checks of the August issue—and at the same time we put them into the box they were not cut with a canceling hammer nor in any other way defaced.

*Q.* Was the Scrip of the August issue which you now have in your possession, numbering in consecutive Nos. from 371 to 397, 399 to 406, and 408 to 416, put into the box you have been describing?

*A.* The Checks before me for examination, of the numbers above mentioned, were of the unfinished Checks of the August issue, mentioned in my former answer. I do not recollect at the time, of noticing these particular numbers, but as we did number quite a quantity of them, of these unfinished Checks, sufficient to extend to and beyond, I think, those numbers, and as we put all these incomplete Checks into the box, I am quite certain these were put into the box with the others.

*Q.* Were those ever put into circulation by any person or persons since they were put into the box ; or, in other words, have you ever seen any of this kind of unfinished Checks in circulation ?

*A.* I have never seen any of the Checks mentioned in my last answer in circulation, and I would not think they could be circulated in the unfinished and incomplete condition in which they are.

*Q.* Please tell the Jury the mode adopted by the Board of numbering those Checks of the May and August issue you have been speaking of—the denominations of \$50 and \$100 ?

*A.* When we numbered the May issue of fifty and hundred dollar Checks, we began, "A. No. 1," "A. No. 2," and so on through the whole, ending with No. 866 ; and when we began numbering the August issue, which were all hundreds, we began where we left off in May, the first number being "A. No. 867, 868," and so on regularly up to No. 1,000, and then began "B. No. 1," "B. No. 2," in regular order, through all. We numbered both finished and unfinished Checks of that issue.

*Q.* Do you know anything about any other box that contained any portion of the small issue of Checks of either the May or August issue ? If so, please tell us all you know about it, and if it contained canceled Checks or uncanceled Checks ?

*A.* In the spring of 1841 Gen. Fry requested me to go to Chicago and receive, on the part of the Board, the small at sight Checks issued by the Board upon the Bank, of the denomination of \$1, \$2 50 and \$5, count the same, pack them in a box and deposit the box in the Bank vault. I did so, carefully counting these Checks, put up in a number of packages, and the several amounts marked thereon. These packages, when the counting was completed, were put into a small box. A list of these packages, with their amounts, was taken by Mr. Howe, Clerk in the Bank, one copy, I think, put into the box and one I received, and which I now have, and the

date of the filing of it is April 28, 1842. This is what we call box No. 2, but has by some been called the candle box, and was a box of about the size and description of a common candle box. This box, after being thus packed, was fastened and sealed up and left with the Bank. After these Checks were thus counted they were all cut with a canceling hammer—I believe by Mr. Howe; if not by him, by Mr. Brown, the Cashier.

*Q.* Do you know of any other fact going to throw light or information on the fraud that has been committed upon the State, which has not been brought before the Jury by questions that have been propounded to you?

*A.* I do not now recollect anything of the kind.

*May 8th, 1859.*

WILLIAM H. BROWN sworn.

*Q.* Have you ever acted in the capacity of Cashier of the Chicago Branch of the State Bank of Illinois? If so, when and how long?

*A.* I was appointed Cashier in 1835, and opened the Branch in Chicago in the fall of that year, and continued in the Bank until it was finally closed about the year 1845 or 1846.

*Q.* Was the Bank the fiscal or paying agent of the Board of Canal Commissioners?—and if so, please examine the Canal Scrip, or as they are more frequently termed, Bank Checks of the May and August issue, and state, if you can, whether they were paid by the Bank.

*A.* The Chicago Branch was the fiscal and paying agent of the Canal Commissioners, and their funds were, from time to time, deposited in that Bank and paid upon the Checks drawn by the Treasurer of the Board in the usual course of business, like the Checks of other depositors. I have examined the Checks of the May and August issues, now lying before me on the table, and I cannot say which of the individual Checks were paid by the Bank. The whole issue of the May Checks was between \$300,000 and \$400,000. Of this amount, it ap-

pears by the books of the Bank, which I lately examined, that \$170,000, or thereabouts, were paid by the Bank on or before the 16th of September, 1839, and returned to the Canal Commissioners, and the Treasurers Check taken therefor and charged to his account.

*Q.* Examine those Checks of the May issue, Nos. 207, 96, 271, 703, and answer whether those identical Checks were or were not paid by the Bank? Please state to the Jury, on examining the bundles or pile on the table, whether you identify any others as having been certainly paid by the Bank.

*A.* I have examined the four Checks numbered 207, 96, 271 and 703, all of which are specially indorsed to me by the previous indorsers. These Checks must have been paid by the Bank, though I cannot positively say they were, and speak now from my knowledge of Banking business. By the indorsements, specially, Nos. 96 and 371, I have no hesitation in saying, must have been received by me, through the mail, from J. A. Welles, Esq., then Cashier of the Farmers' and Mechanics' Bank of Detroit, whose signature, from my personal acquaintance with him, and from a numerous correspondence, I am as familiar with almost as my own, and whose signature upon the Checks I fully recognize. I identify many other Checks, among the bundles of Checks upon the table, as having passed through the Bank, by being especially indorsed to me, as Cashier, from other Banking Institutions in Ohio, Indiana, and from the Alton Branch of the State Bank.

*Q.* Did you ever put in circulation any one of those Checks you especially identified by numbers, or any part of those received and paid by the Bank? If not, please tell the Jury what disposition was made of them by the Bank.

*A.* I never put into circulation any of the Checks I have identified as above, or any other of the Checks issued on May or August 1st, 1839. These Checks were counted as *cash* in our daily cash settlements, and suffered to accumulate until the Canal Treasurer, Col. McClermand, called for them, when they were delivered to him, and he gave his Check, as Treas-

urer, for the amount of the Checks handed over to him. The Checks I identify were placed in the vault with those paid at the counter, while the accounts of Banks sending them were duly credited. For some reason, which I cannot recollect, the May and August Checks were not canceled, as they should have been, in the regular course of business, but, as I said before, were counted as cash until delivered to the Treasurer.

*Q.* Did Mr. Manning ever deposit any box with the Bank for which he took their receipt? If so, when and how long did it remain there? State to the Jury if you have any recollection of any box being at the Bank, for safe keeping, belonging to the Canal Office. If so, how long did it remain in possession of the Bank, by what name was it known and what did it contain?

*A.* I think in December, 1841, Mr. Manning deposited in the Bank, for safe keeping, a heavy square box, containing Canal papers—of what kind I never knew. Mr. Howe, my Clerk, gave him a receipt for it. Mr. Manning also deposited a box, which looked like a candle box, and I think a paper parcel. I do not know what papers were in the candle box or paper parcel. The square box and candle box and paper parcel were safely kept in the vault of the Bank until, I think the year 1849. I then called upon the Canal Trustee, or some one in his office, and requested their removal. A person was sent from the Canal Office, and the square box, candle box and bundle were delivered to him. The boxes, while in my possession, were never opened by me, or, as I believe by Mr. Howe, my clerk. For the last five years I had exclusive possession of the keys of the vault, and it was not opened by any one but myself.

*Q.* Please examine this bundle of unfinished Checks, as they are termed, of the August issue, forty-four in number, of the denomination of \$100 each, and say whether you think a man of ordinary business capacity would receive them in their present condition, or attempt to pay them out? If not, please tell the Jury your reason for coming to that conclusion.

A. I have examined the forty-four Checks of the August issue handed me by the Foreman of the Grand Jury, and answer that I do not think a man of ordinary business capacity would receive or pay out these checks. The reason I give is, that they have every appearance of an unfinished Check, made to be issued when occasion required. The name of the payee is inserted in the blank, and the edges of the Checks uncut. If any or all of these Checks had been presented for payment at the Bank, I should have declined to receive them—though the Treasurer's account might be good—until I had made inquiries of the proper officers.

Q. Are you acquainted with Joel A. Matteson? If so, please tell the Jury whether you look upon him as a man of ordinary business capacity.

A. I have been acquainted with Joel A. Matteson for a number of years, and have always supposed him to be a man of ordinary capacity—at least for the transaction of business.

Q. Are you in possession of any further information relative to the investigation of the case of fraud under consideration of this Jury that the questions put have not brought out? If so, please tell the Jury what it is.

A. I do not recollect of any facts pertinent to the investigation I have not stated.

MICHAEL KEHOE SWORN.

Q. Have you ever acted as porter for the Canal Office?

A. Yes.

Q. How long did you act in that capacity?

A. It was from November, 1847, to April, 1853.

Q. Do you know anything of two boxes that were once kept at the Branch State Bank of Illinois, at Chicago, and belonged to the Canal Office?

A. Yes, sir, I do; and two packages, also, wrapped in brown paper.

Q. Tell the Jury all you know about those two boxes and packages.

A. Some time in the year of 1848 Col. Oakley gave me an order and sent me down to the old State Bank, on the corner of South Water street and LaSalle, for the boxes and two packages. W. H. Brown gave them to me, and I put them on a dray and brought them to the State Trustee's Office, on the corner of Wells and Lake streets, and gave them to Col. Oakley. I think the packages were put in the safe and the boxes put by the side of the safe. They remained in the office up to April, 1853. Mr. McRoberts was appointed State Trustee at that time. Mr. McRoberts and myself packed what was in the two boxes and the two packages, also what was in the safe, into one trunk and a box. They were directed to "Gov. Matteson, Springfield, Illinois." I took them to the Rock Island R. R. Depot, by the directions of Mr. McRoberts, and gave them to him. They were put in the baggage car. That was the last seen of them.

Q. By Mr. Lockridge. Please state what condition those two boxes you have described were in when you and Mr. McRoberts went to send them off.

A. The candle box was something shuck (shaken or broken) in one corner with standing on it at the Canal Sales, the office was so thronged with people. Thomas Bradtord looked at the corner of it to see what was in it one time. I believe he said it was Canceled Scrip.

Q. Have you ever seen the box or trunk since you put them in the car? If so, where?

A. I seen the trunk last February, in the State House.

JOSIAH McROBERTS sworn.

Q. State when you became connected with the Canal Office as State Trustee—who was your predecessor—what did you receive from him at the time you took possession of the office—what did you do with the contents of the office, including boxes, books and papers?

A. I was appointed State Trustee in February, 1853; took possession of the Canal Office about the first of April. Joseph B. Wells was my predecessor. I received from him all the

books, papers, vouchers and the general contents of the office. He delivered to me two small boxes. One of them was open at the time. I went from Joliet, my place of residence, to Chicago, where the office was then kept, on Friday, I think. On Saturday Gov. Wells delivered the office and its contents into my possession. I examined the box that was open, and found that it contained canceled ninety day Bank Checks. I examined several of the packages in the box, and found they did not hold the amount marked on the wrappers. Some of the wrappers were entirely gone, and, from the appearance of the box, some of the packages had been taken out. While examining this box Gov. Wells came in, and I called his attention to the fact that the packages did not hold out; to which he replied in about this language: "No; and there is nothing about the office that will come within gunshot of what it purports to count."

Before receiving the office from Gov. Wells he stated to me what was in the office; said there were some boxes and packages of Scrip, that should be sent to Springfield and deposited in the State Department, and advised me to send it down to Gov. Matteson. I saw Gov. Matteson, a few days after, and stated to him what Gov. Wells had advised in regard to a disposal of the Scrip. He said "very well, send it down," and he would deposit it in the State Department.

I then returned to Chicago, (on Friday, I think,) and on Saturday received the office and its contents from Gov. Wells. I directed Michael Kehoe, who was the porter in the office, to meet me at the office on Sunday morning, and we would pack up what was to be sent to Springfield. Kehoe came, on Sunday morning, and we took a large, black trunk which was in the office and packed in a part of the packages. We saw the trunk would not hold all that was to be sent. Kehoe procured a shoe box, as I now remember, and we packed the packages and the contents of the box that had been broken open in the trunk and shoe box—a part in each or the whole in one or the other. I also received a sealed box from Gov. Wells, which had the impression of the seal of the old Board of Commis-



sioners upon it. Kehoe and myself tried to put the sealed box first in the trunk. It would not go in. We then tried to put it in the shoe box, but found that the lid would not go upon it. We took it out, and I think Kehoe opened it with a small axe. We found it contained packages done up between two pieces of paste-board cut the size of the box. The packages were laid in between the pieces of paste-board. The paste-boards were then wrapped with tape or twine, and, I think, sealed with sealing wax. We cut the tape, took out the packages and put a part in the trunk and a part in the shoe box, or the whole in one or the other, but cannot state which. Kehoe and I did not examine the contents of this sealed box. I did not know what the contents were. There were certain packages of Scrip in the safe, which we also took out and packed in the box and trunk, a part in each or the whole in one or the other. We put everything contained in the two small boxes, the contents of the several packages, and all the Scrip in the safe into the trunk and the shoe box. We then nailed the shoe box and locked the trunk, and, I think, sealed them with wax, but cannot state certainly. Kehoe went out and procured a marking pot and brush, and I marked on the box "J. A. Matteson, Springfield, Illinois," and put a card on the end of the trunk with a similar direction. I then directed Kehoe to meet me at the Depot of the Rock Island Railroad on Monday morning. I found Kehoe there with the trunk and box. I put them into the baggage car and went with them to Joliet, where I met Gov. Matteson, and informed him that I had a box and trunk which were to be sent to the State Department. I went with him to La Salle, took the box and trunk along and there delivered them to Gov. Matteson. He had them put into the baggage cart to take them across the Illinois River to the Central Depot. This ended my connection with the box and trunk, and is, I believe, all I know in regard to them.

*May 9th, 1859.*

JESSE K. DUBOIS sworn.

*Q.* Are you Auditor of the State of Illinois ?

*A.* I am.

*Q.* Are you, or is it made your duty by law, to hold for the protection of the issues of the several Banks in the State, the Bonds that the law requires shall be deposited for that purpose ?

*A.* The control of all the Bonds deposited for circulating notes are placed under my control and direction—they are deposited by law in the Treasurer's office, for safe keeping.

*Q.* Are you in possession of Bonds No. 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898 and 899 ?

*A.* The Auditor's office is not in the possession of the above Bonds, nor were they ever in the office to the credit of any of the various Banks, to my knowledge. It is possible they may be—if so, I have not been able to find them.

*Q.* Have you any instrument of writing now in your possession, that proves, to your mind, that those Bonds, above alluded to by numbers, constitute any part of the late fraud that is said to have been committed on the State ?

*A.* I have a Mortgage, given by Joel A. Matteson and wife, made pursuant to an Act of the Legislature, acknowledging the Bonds 886 to 899, inclusive, to be a part of the fraudulent Scrip funded.

*Q.* Have you in your possession that Mortgage, alluded to in your last answer?—and if so, please show it to the Jury and attach it to the answer.

*A.* I have—and an authenticated copy is hereunto attached:

#### COPY.

This indenture, made and entered into this 21st day of April, A. D. 1859, between Joel A. Matteson and Mary Matteson, his wife, of the County of Sangamon and State of Illinois, of the first part, and the People of the State of Illinois, of the second part,

Witnesseth: that the said party of the first part, for and in consideration of the passage by the People of the State of Illinois represented in the General Assembly, of an Act entitled "An Act to indemnify the State of Illinois, against loss by reason

of unlawful funding of Canal Indebtedness," and for and in consideration of the privileges and advantages and extension of time secured to said Joel A. Matteson by said act, and for the further consideration of the sum of one dollar to the party of the first part in hand paid, have given, granted, bargained and sold and by these presents grant bargain and sell to the said party of the second part, certain tracts or parcels of lands lying and being in the City of Quincy, in the County of Adams, in the State of Illinois, designated, known and described as follows, to-wit: Lot eight (8) in block sixteen (16) in the original town (now city) of Quincy; Lots four and sixteen Nevin's Addition to the City of Quincy; and the east half of Block fifty-six in John Wood's Addition to the town (now city) of Quincy, to have and to hold the said tracts or parcels of land to the said party of the second part forever. And the said Joel A. Matteson, for himself, his heirs and assigns, executors and administrators, covenants and agrees that he is lawfully seized of an indefeasible estate in fee simple in and to said tracts of lands aforesaid; that the same are free from all incumbrances; that he will forever warrant and defend the same to the party of the second part and their assigns against the claims of all persons whatsoever; and that until the conditions of this Mortgage are fully performed he will pay promptly all taxes assessed on said lands, and will keep all the improvements on said lands fully insured in some solvent Insurance Office, and will assign to the party of the second part, as additional security, the policies of Insurance on said improvements as soon as taken.

Yet this deed is made on the following conditions: That if the said Joel A. Matteson shall indemnify and save harmless the State of Illinois from all liability on account of the Bonds of said State, numbered from Nine Hundred to Nine Hundred and Ninety-two, inclusive, and one half of Nine Hundred and Ninety-three, of Illinois and Michigan Canal Bonds, and now deposited with the Auditor as security for the redemption of the bills or notes and payment of other liabilities of the State Bank of Illinois at Shawneetown; and also on account of Bonds of said State numbered 886 to 898, inclusive, and three hundred dollars in Bond number 899, the same being Bonds designated as Illinois and Michigan Canal Bonds, and now outstanding, and for all moneys that may be paid by the State thereon, and from all liability upon any certificates, interest bonds or other evidences of indebtedness that may have been issued on account of any of the Bonds aforesaid or the Canal Scrip for which said Bonds were issued, and on any Coupons now or hereafter attached to said Bonds or any of them, and from all costs, expenses and damages that may accrue against said State by reason of the said Bonds, Certificates, Interest Bonds, Coupons or other evidences of Indebtedness; and shall also repay to the State of Illinois, within five years from the nineteenth day of February, 1859, any money that has been heretofore paid by the said State of Illinois, on account of said Bonds, Certificates, Interest Bonds, Coupons or other evidences of Indebtedness, or for Interest on the Canal Checks or Scrip, upon which said Bonds were issued, or in the purchase by the State of any of said Bonds, Certificates, Interest Bonds, Coupons or other evidences of Indebtedness arising out of the funding of said Canal Checks or Scrip, upon which said Bonds were issued, together with six per cent. per annum interest on each and every sum of money paid by the State upon such Bonds, Certificates, Interest Bonds, Coupons or other evidences of Indebtedness, or for said interest, or in the purchase of any of the said Bonds, Certificates, Interest Bonds, or other evidences of Indebtedness, to be computed from the time when any such sums of money shall have been paid: And if, at any time, the Governor, Auditor and Treasurer of the State of Illinois shall believe that the security given by said Joel A. Matteson has depreciated and that the same has become inadequate, they may require the said Joel A. Matteson to give ad-

ditional security, and in case said Joel A. Matteson shall not give such additional security, within sixty days after a notice in writing shall have been given him by said Governor, Auditor and Treasurer so to do, then the sum of money secured to the State as aforesaid shall immediately become and be deemed due and payable from the time of such default. Now, if the said Joel A. Matteson shall well and truly keep and perform all the aforesaid conditions, then this deed of Mortgage to be void; else to remain in full force and virtue.

In testimony whereof, the said party of the first part have hereunto set their hands and seals, the day and year first above written.

JOEL A. MATTESON, [SEAL]  
MARY MATTESON. [SEAL]

STATE OF ILLINOIS, }  
Sangamon County, } ss.  
City of Springfield. }

Before me, the undersigned, a Notary Public in and for said city, personally appeared Joel A. Matteson and Mary Matteson, his wife, who are personally known to me to be the real persons by whom and in whose names the above conveyance was executed, and by whom and in whose names the same is proposed to be acknowledged, and who acknowledged their signatures thereto to be their free and voluntary act and deed, for the uses and purposes therein expressed. And the said Mary Matteson, wife of the said Joel A. Matteson, having been by me made acquainted with the contents of said conveyance, and by me examined separate and apart from her said husband, acknowledged that she executed the same, and forever relinquished her right to the claim of dower in and to the lands and tenements therein mentioned, freely, voluntarily and without compulsion or coercion of her said husband.

In testimony whereof I have hereunto set my hand and seal this  
[SEAL] 23d day of April, A. D. 1859.

JOHN W. BUNN,  
Notary Public.

No. 3145.

STATE OF ILLINOIS, }  
Adams County. }

Received for record and recorded, April 27th, A. D. 1859, in Book N, of Mortgages, on pages 550, 551 and 552.

Attest,

THOS. W. McFALL,  
Recorder.

By E. B. BARKER,  
Deputy.

AUDITOR'S OFFICE, ILLINOIS,  
Springfield, May 6th, 1859.

I, Jesse K. Dubois, Auditor of Public Accounts of the State of Illinois, hereby certify that the foregoing is a correct copy of the original Mortgage, from Joel A. Matteson and wife, to the People of the State of Illinois, now in my possession as Auditor.

In testimony whereof, I have hereunto set my hand and official  
[SEAL] seal, the day and year above written.

JESSE K. DUBOIS,  
Auditor.

The above deed is indorsed as follows :

ADAMS COUNTY.

*Mortgage Deed.*

Joel A. Matteson and Wife,

TO

The People of the State of Illinois.

*Q.* Have you or had you at any time since the fraud was committed any other mortgages, of which the one you have attached is a true copy, except the one you have shown to the Jury?—and if so, please state where they are.

*A.* On the 25th of April last, I sent, by express, mortgages similar to the one hereunto attached, varying only in the description of property, to the several Recorders of Cook, Will, La Salle, Bureau, Peoria and Vermilion counties, and city of Cairo, and delivered, in person, one to the Recorder of Sangamon county, all of which mortgages have not, as yet, been returned to my office by said Recorders.

*Q.* Have you any other mortgage in your possession, given to secure the State against the said fraud, other than the ones you have last spoken of?—if so, please attach it or a certified copy to your answer as a part thereof.

*A.* I have a mortgage or indemnifying bond, executed by J. A. Matteson, Roswell E. Goodell, John McGinness, jr., and Charles S. Matteson, and an authenticated copy is hereunto annexed :

COPY.

In pursuance of the provisions of an act passed by the People of the State of Illinois represented in the General Assembly, entitled "An act to indemnify the State of Illinois against loss by reason of unlawful funding of Canal Indebtedness," approved February 19, 1859, and for the purpose of securing to the undersigned, Joel A. Matteson, the benefit of the provisions of said act and the extension of time therein granted, We, Joel A. Matteson, principal, and Roswell E. Goodell, John McGinness, jr., and Charles S. Matteson, securities, jointly and severally agree and bind ourselves to indemnify and save harmless the People of the State of Illinois from all liability on account of Bonds of the State, numbered from nine hundred to nine hundred and ninety-two, inclusive, and one-half of nine hundred and ninety-three of Illinois and Michigan Canal Bonds, now deposited with the Auditor as security of the bills or notes and payment of other liabilities of the State Bank of Illinois at Shawneetown ; and also on Bonds of said State, numbered 886 to 898, inclusive, and three hundred

dollars in Bond 899, the same being Bonds designated as Illinois and Michigan Canal Bonds, and now outstanding, and for all moneys that may be paid by the State of Illinois thereon, and from all liability upon any Certificates, Interest Bonds, or other evidences of Indebtedness that may have been issued on account of any of the Bonds aforesaid, or the Canal Checks or Scrip for which Bonds were issued, and on any Coupons now or heretofore attached to said Bonds, or any of them, and from all costs, expenses and damages that may accrue against the State of Illinois by reason of the said Bonds, Certificates, Interest Bonds, Coupons, or other evidences of Indebtedness; and also, we jointly and severally agree and bind ourselves to repay to the State of Illinois, within five years from the 19th day of February, 1859, any money that has heretofore been paid by the State on account of said Bonds, Certificates, Interest Bonds, Coupons, or other evidences of Indebtedness, and for the interest on the Canal Checks or Scrip upon which said Bonds were issued, and in the purchase by the State of any of said Bonds, Certificates, Interest Bonds, Coupons, or other evidences of Indebtedness, arising out of the funding of said Canal Checks or Scrip, upon which said Bonds were issued, together with six per cent. per annum interest on each and every sum of money paid by the State upon such Bonds, Certificates, Interest Bonds, Coupons or other evidences of Indebtedness, or for said interest, or in the purchase of said Bonds, Certificates, Interest Bonds or other evidences of Indebtedness, or any of them, to be computed from the time when any such sum or sums of money shall have been paid. And if at any time the Governor, Auditor and Treasurer of the State of Illinois shall believe that the security given by the said Joel A. Matteson has depreciated, and that the same has become inadequate, and shall require of the said Joel A. Matteson to give additional security, and said Matteson shall not give such additional security within sixty days after a notice in writing shall have been given him by the said Governor, Auditor and Treasurer so to do, then the sum of money secured to the State as aforesaid shall become and be deemed due and payable from the time of such default.

Witness our hands and seals, this 21st day of April, 1859.

J. A. MATTESON, [SEAL]  
 ROSWELL E. GOODELL, [SEAL]  
 JNO. MCGINNESS, JR., [SEAL]  
 C. S. MATTESON, [SEAL]

Attest, S. T. LOGAN.

STATE OF ILLINOIS,  
*Auditor's Office.*

I, Jesse K. Dubois, Auditor P. A. of Illinois, do hereby certify that the above and foregoing is a true copy of the original document now in my possession as Auditor.

Given under my hand and official seal, at Springfield, this 6th day  
 [SEAL] of May, 1859.

JESSE K. DUBOIS,  
*Auditor.*

Q. By Mr. W. E. Moore. What were those mortgages given for, which you have described in the two foregoing answers?

A. They were given in accordance with an act of the last Legislature, entitled "An act to indemnify the State of Illinois against loss by reason of unlawful funding of Canal Indebtedness," approved February 19th, 1859.

Q. By Mr. W. E. Moore. Do you, or do you not, know that Gov. Matteson has been in the habit, for some time past, of purchasing Canal Scrip or 90 day Canal Checks and various other kinds of State Indebtedness?

A. I never heard him or any other person talk about there being such an Indebtedness as ninety day Canal Checks or Scrip, until Gen. Fry showed me one in February last (said to be counterfeit). I have often heard Gov. Matteson say he wanted to purchase State Indebtedness to place as security in his Banks, but do not now remember that I ever saw him purchase any.

Q. By Mr. Geo. Power. If the Bonds funded under Gov. French, or any other Governor previous to Gov. Matteson could be traced to the person or persons for whose benefit they were funded—and if it was not Gov. Matteson who inaugurated the present system of funding, so as to be able to trace for whose benefit they were funded and by whom funded?

A. The funding of the State Indebtedness not being in any manner connected with the Auditor's Office, I have no knowledge how or in what manner the same has been done, except occasionally seeing Mr. Moore at his desk, he being the Secretary of the Fund Commissioner, who is Governor of the State; and I never had the time nor curiosity to investigate the manner in which it was done, having no power vested in me to change it, if I wished to.

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*May 10th, 1859.*

JOHN G. NICOLAY SWORN.

Q. Tell all you know relative to the late fraud alleged to have been committed on the State, if anything.

A. Some days, I think, after the investigation by the Senate Committee had begun, I was inquired of first by Mr. Alexander Starne, and, in a few minutes afterwards, by Gov. Matteson, concerning a black trunk which was sealed, and which they mentioned as, perhaps, containing some Scrip or papers relating to the investigation then going on. It was, I think, on or about the 4th of February last, about four o'clock in the afternoon. I got the keys to some of the basement rooms in the State House, and, at Gov. Matteson's request, went with him to find the trunk. Mr. Starne, Mr. Wm. Crane and Mr. Kehoe went with us. We found the trunk in one of the west rooms in the basement. It was still sealed, and, at Gov. Matteson's request, I cut the tapes which formed the seals and opened the trunk. It seemed to be full of Canceled Scrip, and was then taken up stairs and afterwards examined by the Committee of the Senate. Gov. Matteson also inquired concerning another box, which he said resembled a shoe box. I knew nothing about it. I helped him search for it in the basement, but did not find it. I was afterwards examined, under oath, by the Senate Committee, and gave them substantially the above testimony.

THOMAS CONNER sworn.

Q. Were you or were you not acting as porter at the State House in the spring of 1853?

A. I came into the State House as porter after McNamara died, about '48 or '49, I don't recollect which. I remained there during Gov. Matteson's time.

JESSE K. DUBOIS recalled.

Q. By the Foreman. Have you in your possession, as Auditor, bonds numbered 900 to 992 and 993, inclusive?

A. I have.

Q. Who placed them there, and for whose benefit, if you know?

A. Bonds No. 900 to 960, inclusive, were deposited March 5th, 1857, by Lotus Niles, Attorney of State Bank of Illinois,



at Shawneetown ; bonds No. 961 to 971, inclusive, deposited in same Bank, March 24th, 1857, by same person ; bonds No. 972 to 993, deposited by E. Moore, Attorney, 26th March, 1857, in same Bank, and circulating notes were issued upon the above bonds, which notes inured to the benefit of the owners of the State Bank of Illinois, Shawneetown, of which I always understood Gov. Matteson to be the principal.

*Q.* By Mr. George Power. Are there any other stockholders in that Bank ?

*A.* I understand, from our record, that there are other stockholders—other than Gov. Matteson.

*Q.* By the Foreman. Has Joel A. Matteson, at any time since the funding of the bonds above described, in executing any instrument of writing or otherwise, acknowledged that he owned the bonds described by numbers in your answers above ?

*A.* I do not now recollect of having ever seen any other instrument in writing from Gov. Matteson concerning the above bonds other than the mortgages executed by him and wife. We have frequently talked about the bonds, and I always understood from him that the bonds were his, and were placed in the State Bank to secure its circulation in part.

*Q.* Have you in your possession interest bonds numbered from 37 to 69, inclusive ; and, also, Nos. 36 and 70 ? If so, please state who exercises ownership over them.

*A.* The bonds named in the above question are now owned by the State of Illinois, and no one has a right to exercise ownership over them, they having been redeemed and canceled.

*Q.* From whom were the interest bonds, numbered from 37 to 69, inclusive, purchased ; and, also, bonds No. 36 and 70 ?

*A.* These bonds were originally in the name of the Auditor, in trust for the use of the State Bank of Illinois, and were by me purchased from Gov. Matteson, by the sanction of Gov. Bissell, at 97 cents to the dollar, I think in or about

the middle or last of November, 1858—it may possibly have been in December—and were drawn from the Bank by Lotus Niles, Attorney, for the warrant for the money.

*Q.* Can you tell the jury anything about interest bonds numbered from 162 to 169, inclusive, and interest bond No. 170? If yea, tell the Jury all you know about them.

*A.* Interest bonds No. 162 to 169 were originally deposited in the State Bank of Illinois by W. C. Wood, Vice-President, April 8th, 1857, and sold to me, for the use of the people of the State of Illinois, by Gov. Matteson, with the sanction of Gov. Bissell, at 97c to the dollar, in November, 1858, and were withdrawn by Lotus Niles, Attorney of State Bank, November 16th, 1858, and warrant for the money was receipted on Auditor's books by Lotus Niles, Attorney.

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GRAND JURY ROOM, *May 9th*, 1859.

During the examination of a witness yesterday, the Sheriff, Mr. Kidd, handed the letter hereto attached, addressed to J. B. White, to the Foreman, and said he was directed by Mr. White to lay it before the Jury. The letter was then read by the Foreman at the request of the Jury:

COPY.

SPRINGFIELD, ILL., *May 2*, 1859.

DEAR SIR:—As the investigation in relation to the funding of Canal Checks has been transferred from the Committee of the State Senate to the Grand Jury of Sangamon county, and as the object of such investigation, if entered upon, should be to ascertain the whole truth, we would suggest to the Grand Jury, through you, the names of the following witnesses, who were examined before the Committee, but whose names are omitted in the published letter of Messrs. Dubois, Hatch and Miller, viz: L. P. Sanger, B. C. Cook, Isaac B. Curran, Asa H. Moore, William Smith, Reuben L. Anderson, N. H. Ridgley, R. E. Goodell, John Nesbitt, Lotus Niles. Also, Wm. H. Bissell, whose letter (though himself not examined) was read before said Committee.

Also, the names of the following new witnesses, who can make most important disclosures, and whose testimony may be conclusive, viz: Augustus R. Knapp, of Jerseyville; O. H. Pratt, of La Salle. Very respectfully, yours,

STUART & EDWARDS.

JAMES B. WHITE, Esq.

P. S.—In addition to the foregoing witnesses we would suggest the name of Michael Heinrichson, who resides in Lincoln, Illinois.

STUART & EDWARDS.

THOMAS W. KIDD sworn.

Q. Please tell the Jury where you got the above attached letter, and what was your instruction from the person to you relative thereto.

A. I went into the Court House on yesterday afternoon, and it was handed to me by Mr. J. B. White, the State's Attorney, with the request that I would hand it in before the Grand Jury, and request the letter read. [The envelope which inclosed the foregoing letter is marked "C," and is attached as a part of the evidence. It is addressed as follows: "J. B. WHITE, Esq., *Present.*"]

J. B. WHITE sworn.

Q. Are you the Prosecuting Attorney of this Judicial District? If yea, please examine the letter above attached, marked "B," and tell the Jury all you know about it; also, whether you read the letter before you sent it to the Grand Jury, if you did so send it.

A. I am State's Attorney for the 18th Judicial Circuit, composed of the county of Sangamon and others. I think I did open a letter on yesterday, but did not read it. I merely glanced at that letter. I do not know whether the letter marked "B" is the letter or not. Envelop "C" is the envelop in which the letter I handed T. W. S. Kidd was handed to me. The envelop was handed me unsealed, and I handed it to said Kidd (who is the officer waiting upon the Grand Jury) unsealed, with a request for him to lay the same before the Grand Jury. The letter I handed to Kidd was, as I recollect, handed me by B. S. Edwards, Esq., who requested me to read it and give it to the Grand Jury.

JOHN T. STUART sworn.

Q. Are you one of the firm or partners of Stuart & Edwards? If so, are you practicing law as Attorneys in Sangamon Circuit Court?

A. I am. I am practicing law in Sangamon Circuit Court.

**Q.** Please examine the letter attached on the preceding page marked "B," and tell the Jury whose hand writing it is in, and if it was written by either of the partners. If so, which? Also, had it your sanction?

**A.** The letter is in the hand writing of George Carpenter, Clerk of our office. The letter in question was planned and written by Stuart & Edwards, and copied at our request. It had my sanction, and I am responsible for it in every manner, and I handed it to the Prosecuting Attorney, and I am ready and desire to assign my reasons for writing it.

**Q.** Are you, or is the firm of Stuart & Edwards, the Attorneys of Joel A. Matteson?

**A.** We are.

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*May 10th, 1859.*

The testimony was here closed, when the Jury instructed the Foreman to put the vote.

We, of the Jury, agree to vote on the above testimony, whether we will find a true bill against Joel A. Matteson for larceny:

William Butler, ... ..A true bill, on the above testimony.	James Maxey.....Not a true bill.
C. Sampson, .....Not a true bill.	Geo. Power.....Not a true bill.
William Vermillion.....A true bill.	A. D. McGraw.....Not a true bill.
Cyrus W. Vanderen.....A true bill.	Joel Ballard.....Not a true bill.
William A. Lockridge.....A true bill.	Jesse Ruble.....A true bill.
Andrew Rauch.....A true bill.	W. D. Meggs.....Not a true bill.
Armstead M. Sims.....A true bill.	Thos. A. Kerlin.....A true bill.
William Patterson.....A true bill.	Wm. P. Crafton.....Not a true bill.
Harrison Baker.....A true bill.	John W. Priest.....Not a true bill.
Joseph McDaniel.....A true bill.	Washington E. Moore.....Not a true bill.
Edward Perkins.....Not a true bill.	Samuel Clark.....A true bill.
	Samuel H. Jones.....A true bill.

Decided a true bill ; 13 for, 10 against.

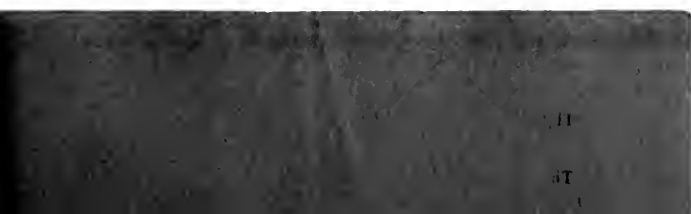
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*May 11th, 1859.*

Mr. Wm. A. Lockridge moved to reconsider the vote taken on yesterday, to-wit: the finding of a bill against Ex-Gov. Matteson.

Motion seconded by Mr. Priest.

The vote was then put by the Foreman calling the names of Jurors;



ERRATUM.

The vote taken May 10th, should read—

“C. Sampson,.....A true bill,  
Wm. Vermillion,.....Not a true bill.”

The “not” was accidentally transposed by the compositor.

William Butler.....	Nay.	Geo. Power.....	Aye.
Council Samp on.....	Nay.	A. D. McGraw.....	Aye.
William Vermillion.....	Aye.	Joel Ballard.....	Aye.
C. W. Vanderen.....	Aye.	Jesse Ruble.....	Nay.
William A. Lockridge.....	Aye.	W. D. Meggs.....	Aye.
Andrew Ranch.....	Aye.	Thomas Kerlin.....	Nay.
Armstead Sims.....	Nay.	Wm. P. Crafton.....	Aye.
William Patterson.....	Nay.	John W. Priest.....	Aye.
Harrison Baker.....	Nay.	Washington E. Moore.....	Aye.
Joseph McDaniel.....	Nay.	Samuel Clark.....	Aye.
Edward Perkins.....	Aye.	Samuel H. Jones.....	Nay.
James Maxey.....	Aye.		

Ayes 14, nays 9. The Jury resolved to reconsider.

The vote was then put by the Foreman: Shall the main question on finding a true bill be now put? and decided in the affirmative.

The Foreman then stated: The question now is, Shall we find a true bill against Joel A. Matteson on the foregoing testimony?

Wm. Butler.....	A true bill.	Geo. Power.....	Not a true bill.
Council Sampson.....	A true bill.	A. D. McGraw.....	Not a true bill.
William Vermillion.....	Not a true bill.	Joel Ballard.....	Not a true bill.
Cyrus W. Vanderen.....	A true bill.	Jesse Ruble.....	A true bill.
William A. Lockridge.....	A true bill.	William D. Meggs.....	Not a true bill.
Andrew Rauch.....	A true bill.	Thomas Kerlin.....	A true bill.
Armstead M. Sims.....	A true bill.	William P. Crafton.....	Not a true bill.
William Patterson.....	A true bill.	John W. Priest.....	Not a true bill.
Harrison Baker.....	A true bill.	Washington E. Moore.....	Not a true bill.
Joseph McDaniel.....	A true bill.	Samuel Clark.....	Not a true bill.
Edward Perkins.....	Not a true bill.	Samuel H. Jones.....	A true bill.
James Maxey.....	Not a true bill.		

For a true bill, 12; against, 11.

At five o'clock, Mr. Wm. A. Lockridge moved that the Jury again reconsider the vote taken this forenoon on finding a true bill against Joel A. Matteson for larceny, on the foregoing evidence. Mr. Lockridge explains that his reason is, that one of the Jurymen wishes to change his vote, and has made it public in the Jury Room.

William Butler.....	Nay.	Geo. Power.....	Aye.
Council Sampson.....	Nay.	A. D. McGraw.....	Aye.
William Vermillion.....	Aye.	Joel Ballard.....	Aye.
Cyrus W. Vanderen.....	Aye.	Jesse Ruble.....	Nay.
William A. Lockridge.....	Aye.	Wm. D. Meggs.....	Aye.
Andrew Ranch.....	Aye.	Thomas Kerlin.....	Nay.
Armstead Sims.....	Nay.	Wm. P. Crafton.....	Aye.
William Patterson.....	Nay.	John W. Priest.....	Aye.
Harrison Baker.....	Nay.	Washington E. Moore.....	Aye.
Joseph McDaniel.....	Nay.	Samuel Clark.....	Aye.
Edward Perkins.....	Aye.	Samuel H. Jones.....	Nay.
James Maxey.....	Aye.		

For reconsidering, 14; against, 9.

The motion was then made, by James Maxey, for a final vote, whether the Jury will find a true bill against Joel A. Matteson for larceny, on the foregoing evidence. The call was then proceeded with, as follows :

William Butler.....	A true bill.	George Power.....	Not a true bill.
Council Sampson.....	A true bill.	A. D. McGraw.....	Not a true bill.
William Vermillion.....	Not a true bill.	Joel Ballard.....	Not a true bill.
Cyrus W. Van Deren.....	A true bill.	Jesse Ruble.....	A true bill.
William A. Lockridge.....	A true bill.	W. D. Meggs.....	Not a true bill.
Andrew Rauch.....	Not a true bill.	Thomas A. Kerlin.....	A true bill.
Armistead M. Sims.....	A true bill.	Wm. P. Crafton.....	Not a true bill.
William Patterson.....	A true bill.	John W. Priest.....	Not a true bill.
Harrison Baker.....	A true bill.	Washington E. Moore.....	Not a true bill.
Joseph S. McDaniel.....	A true bill.	Samuel Clark.....	Not a true bill.
Edward Perkins.....	Not a true bill.	Samuel H. Jones.....	A true bill.
James Maxey.....	Not a true bill.		

For a true bill, 11 ; against, 12.

Mr. Wm. Butler then moved that the entire proceedings in this case be published, after the adjournment of the Grand Jury. Upon this motion Mr. Crafton called the ayes and noes :

William Butler.....	Aye.	Geo. Power (believing it not accord-	
Council Sampson.....	Aye.	ing to law).....	No.
Wm. Vermillion (believing it not ac-		A. D. McGraw.....	Aye.
cording to law).....	No.	Joel Ballard.....	Aye.
Cyrus W. Van Deren.....	Aye.	Jesse Ruble.....	Aye.
William A. Lockridge.....	Aye.	W. D. Meggs.....	Aye.
Andrew Rauch.....	Aye.	Thomas Kerlin.....	Aye.
Armistead M. Sims.....	Aye.	William P. Crafton.....	Aye.
William Patterson.....	Aye.	John W. Priest.....	Aye.
Harrison Baker.....	Aye.	Washington E. Moore.....	Aye.
Joseph S. McDaniel.....	Aye.	Samuel Clark.....	Aye.
Edward Perkins.....	Aye.	Samuel H. Jones.....	Aye.
James Maxey.....	Aye.		

In favor of publishing, 21 ; against, 2.

*Springfield, May, 1857.*

The foregoing evidence, taken before the Grand Jury of Sangamon County, is correct, and the original is now in my possession, subject to the inspection of any who may desire it.

WILLIAM BUTLER.  
*Foreman Grand Jury.*

NOTE BY THE FOREMAN.—In explanation of the reason of the repeated findings and reconsiderations, it is proper to state, that the Prosecuting Attorney omitted, during the progress of the investigation, and until after several votes had been taken, to furnish the Jury with a bill. About seven o'clock on the evening of the 11th, after the last vote had been taken, and when it had become generally known that an indictment would not be found, a bill was presented, with the request that it should be "ignored;" but under the existing circumstances I deemed it my duty to decline to accept it.



## REVIEW OF TESTIMONY

IN THE INVESTIGATION OF THE CANAL SCRIP FRAUD, BY THE  
FINANCE COMMITTEE OF THE ILLINOIS STATE SENATE  
AND THE GRAND JURY OF SANGAMON COUNTY, ILL.

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About the first of February last, the fact was brought to the attention of the officers of State and of the Legislature, then in session, that a fraud had been perpetrated upon the State in funding a certain class of indebtedness known as Canal Checks of the issues of May and August, 1839. The following resolution was immediately adopted in the Senate, empowering the Finance Committee of that House to investigate the subject:

Whereas, it is said that a large amount, in Certificates of the Stock of the State, has been issued, based upon counterfeit or spurious Canal Scrip; therefore,

*Resolved*, That the Finance Committee be instructed to inquire fully into the matters herein alleged, and report the same to the Senate, and that they have power to send for persons and papers.

After several sittings, during which a large number of witnesses were examined—most of whom had been public officers under the internal improvement system of the State—this Committee finally reported, under the above resolution, on the 17th of February, a few days before the close of the session. The investigation was conducted openly, and opportunity afforded by the Committee for the introduction of testimony bearing upon the subject, both on the part of the counsel who appeared for the State, and in behalf of Gov. Matteson who was present, personally and by counsel, during the whole

of the investigation. The Committee continued to hear all evidence produced, until the counsel for the State, and Gov. Matteson and his counsel declined to introduce any more.

In their report, so far as it was not general, and relates to this particular subject, the Committee content themselves simply with giving a brief abstract of the evidence brought before them, and proposing a plan for the indemnification of the State from loss in consequence of this fraud. They further say that, "at divers times there has been paid to Gov. Matteson, from the State Treasury, an amount of money, for principal and interest, to make, with the bonds so issued to him, the sum of \$223,182 66, paid, or promised to be paid, to Gov. Matteson on account of the Canal Checks so presented by him."

On the recommendation of the Finance Committee, an act was passed authorizing the Governor, Auditor and Treasurer to receive from Matteson, within a certain time, satisfactory security for the repayment of the above amount to the State, within five years. The contemplated security was furnished, within the time specified, by mortgages upon real estate located in different counties of the State, and also by an indemnifying bond entered into by Joel A. Matteson, as principal, and R. E. Goodell, John McGinness, jr., and Charles Matteson, securities.

On the 27th of April, with a view to a judicial investigation of a crime known to have been committed by some one, this subject was brought to the attention of the Grand Jury of Sangamon county, by a joint letter from the respective heads of the State Departments. As shown by the proceedings of the Grand Jury, herewith published under authority of a vote of that body, it was resolved, by an almost unanimous vote, to enter upon the investigation as soon as the witnesses could be in attendance. The investigation commenced on the 4th of May, with the calling of Enoch Moore, Secretary in the Fund Commissioner's office, as a witness, and was continued for several days. To examine the testimony adduced

before the Grand Jury, and that taken by the Finance Committee—which has also been published since the close of the session of the Legislature—in fact, to present as brief a *resume* as possible of all that has been elicited, in an authentic manner, in reference to this subject, will be the object of this article.

#### INVESTIGATION BY THE FINANCE COMMITTEE.

And first, in reference to the revelations before the Finance Committee. The Committee, in their report, say :

In the year 1839, the proper officers of the Illinois and Michigan Canal, to meet their pecuniary necessities, and, your Committee believe, pursuant to their power, by law conferred, issued \$265,237 of what were called 90 day Checks, dated May 1, 1839, and due 90 days after date ; and they also issued \$128,317 of similar Checks, dated August 1, 1839. These Checks were, by them, put in circulation for a temporary purpose, from the Canal office at Lockport, Illinois, and were in part redeemed at the Branch of the State Bank of Illinois, at Chicago, and a part were received for dues to the Canal, or otherwise redeemed at the Canal office.

While preparing the amount so issued, the officers who prepared and signed these Checks, not knowing how many they might need, partially executed and filled up for future use, a large amount of other Checks similar in their character, but were untriummed, unregistered, and had not the Treasurer's name filled in.

How large an amount was so partially executed and filled up, your Committee have not learned, because no register was kept of it, there ; nor indeed of the others, until they were actually issued by the Secretary for circulation, when he entered the amount of the different denominations in a book kept for that purpose, from which he was able to determine the amount in circulation at any one time.

As these Checks were only intended for temporary use, it appears from the reports of the Canal officers to the Legislature, in the year 1840, that they had redeemed and taken up all of both the May and August issue, except \$822; from similar reports made in 1842-3, it appears that only \$223 was then in circulation, and from various subsequent reports this amount was reduced to \$316, which amount it was supposed was lost or destroyed.

The witnesses called and examined by the Finance Committee were William H. Brown, Cashier of the Branch of the State Bank at Chicago, from 1835 to 1844; Ezra L. Sherman, Teller in the same from 1836 to 1840; Michael Kehoe, Porter in the Canal office at Chicago, from 1847 to 1853; Enoch Moore, Secretary in the Fund Commissioner's office; John G. Nicolay; Joel Manning, Secretary Board of Canal Commissioners from 1836 to 1845; John A. McClernand, Treasurer Canal Board from 1837 to 1839; Jacob Fry, Acting Commissioner from 1836

to 1845, and State Trustee after the dissolution of the Board in 1845 to 1847, and predecessor of Col. Oakley ; Alex. Starne, Secretary of State under Gov. Matteson's administration ; Thomas Conner, Porter in the State House during the same time ; B. C. Cook, Senator from La Salle county ; Jesse K. Dubois, Auditor of Public Accounts ; Wm. F. Thornton, President of Board of Canal Commissioners from 1839 to 1841 ; A. J. Galloway, Clerk in the office of J. B. Wells, Canal Trustee after the death of Col. Oakley, from 1849 to 1851 ; Hart L. Stuart, Agent under Gov. French for the funding of State indebtedness from 1847 to 1850 ; Josiah McRoberts, Canal Trustee from 1853 to 1857, and one or two others ; and those called by Gov. Matteson, viz : L. P. Sanger, I. B. Curran, A. H. Moore, Wm. Smith, R. E. Goodell, Lotus Niles, John Nesbitt and N. H. Ridgely.

To commence in the order of time after the issue of the May and August Checks of 1839, referred to in the report of the Finance Committee : It appears from the concurrent testimony of Messrs. Brown and Sherman, of the Branch Bank at Chicago, and of Messrs. Fry and Manning, of the Canal office, that a part of the Checks were redeemed at the Bank and a part at the Canal office. Mr. Brown, relying upon the books of the Bank, testifies that \$100 Checks of the May issue to the amount of \$167,000 were redeemed at the Bank, in 1839. Of the August Checks he says \$31,471 were redeemed at the Bank. Nearly all the above witnesses agree in saying that the \$50 and \$100 Checks of both issues, redeemed at the Bank, were not "canceled" or defaced, while the small ones were. Mr. Brown also says, that all these amounts were received at or before maturity, and were surrendered on the check of the Treasurer of the Canal Board. The last of the May issue was surrendered on the 16th of September, 1839, and Mr. Brown thinks there were none redeemed by the Bank in 1840, as the books do not show it. A report of the Canal Commissioners, bearing date December 10th, 1839, adduced in evidence, states that all the May and August issues

had then been withdrawn from circulation, except \$4,039 of the former, and \$2,388 of the latter.

Messrs. Fry and Manning both state that nearly a year after the date of the above-mentioned report, viz: early in December, 1840, all the Checks then in the office of the May and August issues, 1839—both those redeemed at the Canal office and those redeemed at the bank—both canceled and uncanceled—were carefully counted by them and Mr. McFarlane, Mr. Manning's clerk, and, together with the unfinished Checks of the August issue, packed in a box prepared for the purpose. This box was then sealed with the seal of the Canal office, taken by Mr. Manning to Chicago, and deposited in the Branch Bank of the State of Illinois. Mr. Manning at first was not clear whether more than one box was taken up at that time; but the receipt of Mr. Brown, the Cashier, was produced in evidence stating that it was "one large box, said to contain Canal Scrip." The date of this receipt is December 5th, 1840.

In reference to the contents of this box, Mr. Fry testified that it "contained all [of the May and August Checks] that were in the office at the time." Mr. Manning testified that, when the box was packed, the Checks of the May and August issues which had been redeemed "*were all there*"—that none were missing, except a few of the smaller denominations of the May issue, and two or three of the \$50 and \$100 Checks of the August issue, which were still in circulation. [There was another box, similar to a candle box, which Mr. Manning says he afterwards packed at the Bank with small Scrip, and which he says contained about \$25,000. This, however, plays no important part in this investigation. We mention it now, only because it will appear in another connection hereafter.]

A report of Mr. Fry, Acting Commissioner, of the date of December 21st, 1840, alluded to in the foregoing quotation from the report of the Finance Committee, says that, at that date, there remained unredeemed and in circulation of the May Checks, \$722, being all of the denominations of \$10 and

less, and one \$100 Check of the August issue. Mr. Fry also stated that the amount packed in the box corresponded with the report—that “*it was all packed in that box, except the amount reported there.*”\*

It now becomes our duty to trace this box as closely as possible; as it was, undeniably, by means of the uncanceled and unfinished Checks deposited therein that this enormous fraud was perpetrated.

Mr. Brown testifies to the receipt of the above described box in 1840; says it was placed in the vault of the Bank at Chicago; that he occasionally saw it there, and “it apparently remained intact;” that he had no doubt it went away in the same condition in which it came; supposes he delivered it to Kehoe.

Michael Kehoe, porter in the Canal Office at Chicago, testifies that, “in 1848, Col. Oakley (then State Trustee) sent him down, with an order, to Mr. Brown’s, at the old Bank at Chicago, for two boxes and two packages.” One of these boxes he describes as a *candle box*, and the other answers to the description of the box containing the May and August Checks deposited by Mr. Manning, in 1840. He says he brought it to the Canal Office, and it remained there until Mr. McRoberts came into office, in 1853. He never saw what was in the boxes—believes Mr. Bradford, a clerk in the office, opened the candle box, saw it contained “old scrip,” and covered it down. Kehoe also testified that, in 1853, after Mr. McRoberts came into office, he assisted the latter to pack up the contents of the two boxes and some packages in the safe in the Canal Office; that they were packed part in a trunk and part in a shoe box; that the trunk and box were addressed to “Hon. Joel A. Matteson, Springfield, Illinois;” that he accompanied them to the cars, on the following morning, and delivered

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\* A slight discrepancy occurs in the testimony here. The receipt of Mr. Brown to Mr. Manning, for the box containing the May and August Checks, in the published report, bears date “December 5th, 1840;” whereas, Mr. Fry says that the box was packed between the 21st and the 25th—evidently believing that the box was received by Mr. Brown on the 25th. We are inclined to believe that there is an error in the copy of the receipt, and that Mr. Fry’s understanding was correct—though the point is unimportant.

them to Mr. McRoberts, who was going to Joliet. Kehoe identified the trunk which was found in the State House, and was produced before the Committee during the investigation, as the same which had been packed by himself and McRoberts in the Canal Office; but the shoe box was not found. The trunk was examined and found to contain nearly two millions and a half of indebtedness of different kinds, among which were \$50 Checks to the amount of \$21,800, and \$100 Checks to the amount of \$11,800, of the May issue, 1839, and \$26,400 in \$100 Checks, of the August issue, 1839. *All the above papers were canceled.* The Investigating Committee, in their report, speaking of this trunk, say, "*there were upon it some appearances of having been sealed twice, as if opened and sealed again.*"

Mr. McRoberts, Canal Trustee from 1853 to 1857, (having been appointed by Gov. Matteson,) and successor to J. B. Wells, corroborated the testimony of Kehoe with reference to the packing of the trunk and shoe box in the Canal Office, their being addressed to "J. A. Matteson, Springfield, Ill.," and their delivery to Matteson at the Depot of the Rock Island Railroad. He further stated that he took possession of the office on Saturday, March 22d, 1853; that the packing was done on the next (Sunday) morning; that the lid of the smaller or candle box was loose; that he examined some of the packages in that box, and found they did not hold out; those he saw were *canceled*; did not remember seeing any \$50 or \$100 ninety day Checks; that he tried to put the *large sealed box* in the trunk, and afterwards in the shoe box, and neither would receive it; that Kehoe then broke open the sealed box, and he (McRoberts) took out its contents and packed them in the shoe box or the trunk, or in both; and that the contents of the smaller box and the other papers in the safe were packed in the same manner.

Mr. McRoberts also testified that the contents of the sealed box were in large packages, bound with tape and pasteboard; he did not open the packages, but simply laid them in the

box ; they seemed to be “undisturbed,” and in the same condition in which they were first packed ; did not examine them so as to know what they were ; and that the description by Messrs. Fry and Manning of the box which they packed with May and August Checks of 1839, at the Canal Office at Lockport, corresponded with that of the sealed box which he received from Gov. Wells and broke open. Mr. Brown, on being recalled, stated that he received such a box as that described by Messrs. Fry and Manning.

McRoberts, having received the box and trunk from Kehoe at the Rock Island Railroad Depot, went with them to Joliet. There he met with Gov. Matteson. The next day, or the day following that, he and Gov. Matteson started to LaSalle together, and brought the box and trunk with them. Gov. Matteson was on his way to Springfield, and McRoberts delivered the box and trunk over to Matteson at La Salle, and they were put into the baggage car, to be taken across the river and shipped on the Illinois Central Railroad. That ended McRoberts’ connection with the trunk and box.

To this point, viz : the delivery of the trunk and box into the hands of Matteson, the chain of evidence is complete—each link is unbroken—the conclusion inevitable and irresistible. Messrs. Brown, Sherman, Fry and Manning agree as to the manner of issue and redemption of the May and August Checks, 1839 ; that by far the largest proportion of the \$50 and \$100 Checks of these issues were redeemed at the Bank ; that they were counted as cash and not “*canceled* ;” that they were returned to the Canal Office in the same condition. Messrs. Fry and Manning testify and their official reports prove that in December, 1840, the whole of these issues had been retired from circulation, except a few hundred dollars of the first and a single hundred dollar Check of the last : they agree that the whole of these Checks about the same time, in the condition in which they came from the Bank, were packed in a box at the Canal Office, sealed with the seal of the office, and by Mr. Manning taken to Chicago and deposited in the



Branch Bank at that place. Mr. Brown testifies that he received this box; that it remained in the Bank until 1848; that in that time he believes it to have been unbroken; that in 1848 he delivered it into the hands of Kehoe, to be taken to the Canal Office; that when he delivered it, it was in the same condition in which he received it. Kehoe testifies to having received the box from Mr. Brown at the Bank; that (with other matter) he removed it to the Canal Office; that it remained in the Canal Office, apparently in the condition in which it was received, until Mr. McRoberts came into office; that it was then broken open and its contents packed into the trunk or shoe-box, or both, and taken to the Rock Island Railroad Depot and placed in charge of Mr. McRoberts.\* McRoberts states that a box answering to the one described by Messrs. Fry and Manning, and the same spoken of by Kehoe as having been received from the Bank, was in the Canal Office at the time he came into it; that it was sealed and apparently unbroken; that he and Kehoe broke it open; that its contents appeared to have been undisturbed; that they transferred them to the shoe-box or trunk, or both; that they were addressed to "J. A. Matteson, Springfield, Ill.;" that he (McRoberts) received the same from Kehoe at the Rock Island Railroad Depot, at Chicago; that he took them with him to Joliet, and delivered them into the hands of Matteson at La Salle.

Although Gov. Matteson was present, with counsel, during the whole of the investigation, and each witness was subjected to a most rigid cross-examination, there was nothing elicited in contradiction of these facts.

So far, the history of the sealed box containing the uncanceled Canal Checks of May and August, 1839, and the course taken by its contents, has been traced clearly, and it is shown, beyond the shadow of a doubt, that they came into the hands of Matteson.

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\* A. J. Galloway, a Clerk in Gov. Wells' office from 1849 to 1851, swears that two boxes were in the office, at that time, sealed; and were by him delivered to Gov. Wells, sealed, when he left the office.

Now, in regard to the indebtedness funded by Gov. Matteson, the Finance Committee, in their report, say:

"The greater part of the Checks so presented by him are recognized by General Thornton, General Fry and Mr. Manning as the genuine fifty and one hundred dollar Checks of May 1st and August 1st, 1839, by them issued and redeemed as hereinbefore stated, and as part of the redeemed Checks packed by Mr. Manning and Gen. Fry in the box deposited in the Bank at Chicago, in the year 1840.

"There is also found among the Checks, funded by Gov. Matteson, two packages of the Checks dated August 1st, 1839, amounting to \$10,500, which are fresh in appearance, have the edges untrimmed, but fully signed by the Commissioner and Secretary of the Canal Commissioners, indorsed by the Treasurer of the Board, but wanting the name of the Treasurer filled in upon their face, and lying upon each other in consecutive numbers."

\* \* \* \* \*

"About \$3,000 of the Checks funded by Gov. Matteson appeared to be specially indorsed to Wm. H. Brown, Cashier, and not re-indorsed by him."

There was much evidence to prove that the May and August Checks of 1839 were not in circulation after 1840 to 1842. Mr. Brown thinks that no considerable amount was in circulation in 1840. Mr. Sherman might have seen some of it, but "no amount, however." Enoch Moore states that none of them were funded during Gov. French's administration—that two Checks of the May issue, one \$50 and one \$100, were funded in the name of "John Johnson," April, 1853, that three \$100 Checks of the same issue were funded for Mr. Ridgely in October, 1854, and that two Checks, of \$100 each, were funded for Charles Thompson, in July, 1856: but all these have since been discovered to be *counterfeit*. Several other witnesses testify that some two or three thousand dollars of counterfeit Scrip were put in circulation in 1839, but such counterfeits were at once detected by the Canal officers, and some of the parties punished for forgery. These, plainly then, could not have come from the box of *genuine* Checks deposited in the Branch Bank at Chicago, and afterwards reboxed by McRoberts and placed in the hands of Gov. Matteson. Mr. Dubois testifies that he never saw any of any kind of ninety day Canal Checks, either counterfeit or genuine, until he saw the counterfeit piece shown to him by Gen. Fry. Mr. Manning says it was known in the Canal office that the ninety day Checks issued by the Canal officers

had mostly been retired. Mr. Galloway says such ninety day checks "had mostly disappeared before his advent, in 1841." Gen. Thornton never saw any of those issues in circulation after he left the Canal office in 1841.

Hart L. Stuart, a contractor on the Canal in 1839, and agent for the State for the purpose of funding State indebtedness from 1847 to 1850, having been appointed by Gov. French, states that, although it was generally known he was engaged in funding State indebtedness, and had advertised himself as such in New York city, and probably funded from \$400,000 to \$600,000 of various kinds, yet he never received more than \$150 to \$200 of the May and August issues, 1839, and those, "all of the small denominations." He thinks they did not generally circulate "more than six or eight months, or a year at farthest"—"don't recollect seeing any of them of any account the year after they were first circulated." This, of itself, is sufficient to prove that the Checks packed by Messrs. Fry and Manning could not again have been put in circulation up to 1850—even if it were not known that they were still safe in the box at the Canal office.

The testimony of Messrs. Thornton, Fry, Manning and Brown was clear, as stated in the report of the Finance Committee, in reference to the identity of the Checks said to have been funded by Gov. Matteson, with those redeemed by the Bank, and afterwards packed in the Canal office in 1840. The testimony of Enoch Moore was positive that the whole of these Checks had been handed to him by Gov. Matteson, to be funded in different names, at various dates, from the 9th of January, 1857, to the 18th of March of the same year, and that he knew no other person in the transaction besides Gov. Matteson. He also stated that he had never seen a single one of the (pretended or real) individuals in whose names this indebtedness had been funded, (except William Smith, for whom \$300 of the lots had been funded,) and *no testimony was offered to prove that any of them had an existence.*

B. C. Cook was introduced by Gov. Matteson to prove that he (M.) had bought State indebtedness of Cook in 1857. It

was proved, however, that the indebtedness sold by Mr. Cook was Internal Improvement Bonds and Interest Canal Scrip of 1840. *No part of it was of the May and August issues, 1839.* So nothing was elicited pertinent to the investigation.

Messrs. Sanger, Curran, A. H. Moore, Smith, Goodell, Niles, Nesbitt and Ridgely, were called by Matteson to prove that he was engaged largely in the purchase of State indebtedness during the winter of 1856-7, and that he obtained large sums of money from the Bank at Joliet and elsewhere, to be used (as was understood) in the purchase of such indebtedness. Sanger stated that he had seen Matteson buying indebtedness of different parties whom he did not know, at various times—claimed to have been “familiar” with Canal Scrip—thought he bought some of the May or August Scrip, 1839, in New York, three years ago—thought he sold it to Matteson—was not certain that he did so—*did not know there were two issues in 1839*—thought the Scrip he saw Matteson buying was ninety day Checks, but could not tell whether they were of the May or August issue. Curran claimed to have seen Matteson buying ninety day Canal Checks at the St. Nicholas Hotel, in Springfield, in the winter of 1856-7—was introduced by Matteson to some of the parties who sold, but could not tell their names nor where they came from, or other particulars—was not familiar with the May and August issues, 1839—only remembered there were \$50 and \$100 ninety day Checks—knew no other facts. Asa H. Moore’s testimony was to the same purport—had never noticed the denomination more than once—could not identify the May and August Checks as the same he saw Matteson buying. Smith and Goodell swore to Matteson’s procuring a large amount of money from the Bank at Joliet, which, they understood, was to be used in purchasing State indebtedness.

So much for the testimony before the Investigating Committee. We come now to that taken before the Grand Jury of Sangamon County.

## INVESTIGATION BY THE GRAND JURY.

The witnesses who appeared before the Grand Jury were: Enoch Moore, Jacob Fry, Joel Manning, Wm. H. Brown, Michael Kehoe, Josiah McRoberts and John G. Nicolay, all of whom were examined by the Finance Committee; also Deputy Sheriff T. W. S. Kidd, J. B. White and John T. Stuart.

The testimony elicited by the Grand Jury corroborated that brought before the Investigating Committee, except that it was more clear and direct, and less burdened with extraneous and irrelevant matter. The same facts were not only confirmed, but new ones elicited.

Certain bonds were identified by numbers in the testimony of Enoch Moore as having been issued on the funding of Canal Checks of the May and August issues, 1839. Moore also stated that the Checks were handed to him by Gov. Matteson at different times—that the Checks were funded in the names of other parties, but that the bonds issued on such funding were received by Gov. Matteson—that he did not know any of the persons in whose names the Checks were funded, except Wm. Smith, to whom \$300 was funded in January, 1857. Mr. Dubois swore that these bonds, identified by numbers, or a large proportion, were deposited with the Treasurer as security for the circulation of certain Banks in which Matteson is interested. There was a difference between Matteson and the State officers in reference to \$13,000 funded in the name of John Kellogg and Caleb Johnson, during Matteson's administration. Matteson claimed that, although he presented the Checks, yet he did it as a public officer for other parties, and that he received no benefit therefrom, and therefore that he should not be compelled to indemnify the State therefor. A letter (which is published with the evidence) from O. F. Lowe, of New York, to Enoch Moore, states that "soon after the issue of the first bonds for the ninety day Scrip, I [he] sold *for Gov. Matteson*" *the identical bonds* received therefor, viz: bonds numbered 886 to 899, inclusive—and that they are now held by some Banks in Illinois or Wisconsin. The \$300

funded to the name of Wm. Smith was included in these bonds—being part of bond 899.

Gen. Fry's testimony was substantially the same as that he gave before the Investigating Committee. He identified the Checks produced before the Jury (which Mr. Moore had already identified by numbers as those presented by Matteson to be funded) as the same Checks of May and August, 1839,\* issued by the Board of Canal Commissioners—testified to the fact that they had been paid at the Bank at Chicago, or at the Canal office—that all, both those redeemed at the Bank and at the Canal office—the former in the condition in which they were received from the Bank—were packed in a box by himself and Mr. Manning, in December, 1840, which box was afterwards sealed and by the latter deposited in the Branch Bank at Chicago.

Mr. Manning's testimony was to the same purport, viz: as to the whole amount of the Checks, their character, the manner of issue and redemption, the return of the redeemed Checks from the Bank to the Canal office; the fact that all the redeemed Checks in the office at the time mentioned by Gen. Fry, were carefully examined, counted and packed in a box—that this box, having been sealed, was taken by him to Chicago and deposited in the Bank—that at that time there was only \$722 of those issues still out—that the Checks of the denominations of \$50s and \$100s received from the Bank were not cut with a canceling hammer, and had been so packed, &c. He said, "most of the Checks now before me, (meaning those of the May and August issues funded by Matteson,) brought in by the Auditor, are *the same that were packed in the box.*" He recognized the unfinished Checks of the August issue as those which had been packed in the box, and thought they could never have been in circulation.

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\*Mr. Fry states that the amount of the May Checks of 1839 prepared, was as follows: Of the regular Checks, \$219,324, and of the irregular Checks \$49,735, making in all \$269,059. Of this amount he says \$3,822 were, for some reason, subsequently rejected, and never put in circulation, leaving \$265,237 for the amount actually put in circulation, which agrees with the report of the Senate Investigating Committee, as quoted in the preceding part of this summary.

Mr. Manning also testified, that in the spring of 1841, he went to Chicago for the purpose of receiving the small at sight Checks of \$1 00, \$2 50 and \$5 00—that he did so receive them, and having carefully counted them, put them up in packages, with the amounts marked on the packages, which he afterwards deposited in a box which he called “box No. 2” (also, he says, by some called the *candle-box*)—that a list of the packages in this box was taken by Mr. Howe, the clerk, and one copy (he thinks) deposited in the box, and the other received by himself, which he still has—that this box was sealed up and left in the care of the Bank—that the Checks put in it “*were all cut with the canceling hammer,*” either by Mr. Howe or Mr. Brown.

Mr. Brown again testified to the redemption by the Bank of about \$170,000 of the May and August Checks, 1839, previous to 16th September, 1839—to the fact that the larger Checks were uncanceled, and were so delivered to the Treasurer of the Canal Board. He recognized many of the Checks placed before him as those which must have been redeemed by the Bank, as they were specially indorsed to him—stated that he had never put any of them into circulation—testified to the receipt of the box described by Messrs. Fry and Manning, also to the receipt of the candle-box packed at the Bank by Manning, in 1841, and to the delivery of these two boxes to some one from the Canal office in 1848 or 1849. He further said: “The boxes, while in my possession, were never opened by me, or, as I believe, by Mr. Howe, my clerk. For the last five years I had exclusive possession of the keys of the vault, and it was not opened by any one but myself.”

Kehoe testified, as before, to receiving the abovementioned boxes at the Bank in 1848, and their removal to the Canal office, where they remained until McRoberts came into office, in 1853. Their contents were then placed in a trunk and shoe-box, as already described, these were directed to Matteson at Springfield, taken by him (Kehoe) to the Rock Island Railroad and delivered to McRoberts. Kehoe says, “the *candle box* was *shuck* in one corner with standing on it at the canal

sales—the office was so *throng* with the people.” He also says, “Thomas Bradford looked at the corner of it, to see what was in it one time”—believes “he said it was *canceled Scrip*.” Kehoe plainly knew the larger box, containing the May and August Checks, to be still sealed and uninjured.

McRoberts, more clearly than before the Investigating Committee, testified to having received from his predecessor (Gov. Wells) in 1853, among other matter, two boxes, one of which (the smaller, or candle box) was open, and the other, which was sealed, and “which had the impression of the seal of the old Board of Commissioners upon it”—says he examined “the box that was open, and found that it contained *canceled* ninety day Checks—the contents of some of the packages “did not hold out”—“from the appearance of the box, some of the packages had been taken out.” He again recites the breaking open of the *sealed* box—says they “found it contained packages done up between two pieces of pasteboard cut the size of the box—the packages were laid in between the pasteboards—the pasteboards were then wrapped with tape or twine and (he thinks) sealed with sealing wax.” [*Query* : If this box had ever been opened before—especially for a fraudulent or felonious purpose—is it at all probable that its contents would have been found so carefully packed and in so good condition, as is evident from this description they were ? Even if there were no direct testimony to prove that it had never been opened before, would not this circumstance be conclusive ?] They “cut the tape, took out the packages and put a part in the trunk and a part in the box, or the whole in one or the other,” he cannot say which. He describes the packing of the contents of the smaller box and other packages found in the safe, in the trunk or shoe-box, or both, in the same manner, substantially, as Kehoe—thinks the trunk and shoe-box were sealed, but is not certain—says he directed them to “J. A. Matteson, Springfield, Ills.”—that he received the same from Kehoe at the Rock Island Railroad Depot on the following morning—that he took them with him to Joliet, there met with Matteson,



went with him (M.) to LaSalle, and there delivered the trunk and box to Matteson, to be brought to Springfield.

The investigation before the Finance Committee and that before the Grand Jury then arrive at the same result. *The trunk and box pass into the hands of Matteson at LaSalle.* Nothing further is known of them or their contents, until it is discovered that a fraud has been committed in the funding of a certain class of indebtedness, which all this evidence goes to prove was packed in them. Gov. Matteson then suggests a search for the trunk. It is found in one of the basement rooms of the State House, but it is filled with a large amount of indebtedness of different varieties, *all canceled*. He then says something about the shoe-box, and search is made for it also, but it is not found. The Investigating Committee, speaking of the trunk, say, "*there were upon it some appearances of having been sealed twice, as if opened and sealed again.*" One of two conclusions is unavoidable—either all the contents of the sealed box, containing the May and August Checks, were put by McRoberts in the missing shoe-box; or the trunk and box must have been broken open by some one having access to them, the contents of both which were unavailable or useless, packed in the former, and the box, with its available contents, spirited away. The latter is the more probable; for if any portion of the uncanceled Checks were deposited by McRoberts in the trunk and it had never been opened after it passed out of McRoberts' hands until it was opened on the 4th of February last, they ought to have been there still—for the trunk was full when found. Another ground for this theory is the fact that the trunk contained a considerable quantity of canceled \$50 and \$100 May and August Checks, which must originally have been in the sealed box which came from the Bank.

But what became of the shoe-box? The uncanceled May and August Checks, whether deposited in it or not, plainly must have gone with it. The last known of it, it is in Matteson's hands in 1853. The Checks proved by the chain of evidence to have been deposited in it or in the trunk, or in both, at the Canal office, in 1853—and which are not now found in the

trunk—turn up again in Matteson's hands in 1857. Is any explanation, supported by evidence, given of the manner in which he came by them? Is any satisfactory explanation given—or attempted—for the disappearance of the box? Is any serious effort made to find a single one of the pretended parties in whose names the Checks now found to be purloined, were funded? Has a single one of the many parties, who, it is claimed, sold these Checks to Matteson, presented himself, although this investigation has been notorious from one end of the Union to the other? Has any effort been made to find one of them? Have they been advertised for and requested to come forward? They are certainly not all rogues, and the statement of one or two of them would go far to explain this mystery. Has the fact ever been developed, beyond a doubt, that any one else besides Matteson has ever held, or now holds, any part of the \$ 60,000 or \$ 70,000 of this class of indebtedness still missing?

In addition to all this evidence—the uncontradicted and concurrent testimony of men having held high official positions and of unimpeached character—there is this remarkable fact, in itself unanswerable and overwhelming: that all of the genuine Checks of the May and August issues, 1839, presented for payment a second time by funding, have been so presented by Matteson. If these Checks were thrown upon the market and were received in the ordinary course of business, were not other dealers as liable to receive them? Yet we have no evidence that they have ever been offered to others—certainly, none that any one else has ever funded, or attempted to fund, a single dollar of them. Mr. Sanger, it is true, thought he had bought some such in New York, but he was not clear upon this point, and did not know the difference between the May and August issues! No one else claims to have seen them until they made their appearance in the Fund Commissioner's Office. They are presented, Check after Check, by the same hand, until more than \$200,000, of principal and interest, have been funded, and it seemed, almost, that "the end is not yet."

But if, by contrived evidence, by impudent suggestion or

villainous insinuation the suspicion of having abstracted these Checks could be fastened on a *dead man*, (the ever ready expedient of knaves,) it would still be left to explain how they came into Matteson's hands—it would still need to be explained how he came to purchase clean blank scrip, with untrimmed edges, and running in consecutive numbers—it would still be to explain why he procured the bonds to be issued in the names of fictitious persons—it would still be to explain how the Scrip escaped from a box which the witnesses testify was sealed, and presented no sign of having been opened until opened by McRoberts and its contents delivered to Matteson—it would still be to explain what had become of the shoe-box—an almost endless number of mysterious questions would spring up, demanding a solution.

Before the Grand Jury, as shown by the minutes, there were some singular exhibitions. The vacancies in the Grand Jury, instead of being filled by the Court from the panel of the County Court, as requested by the Jury, was filled from the "*by-standers*." These added Jurors, as will be seen by the votes, with a single exception, voted steadily against finding a bill, and this exception changed his vote on the second ballot. Then, there was the exhibition of the lawyers of the implicated party, through the Prosecuting Attorney, and without rebuke by the Court, either at or after the fact, boldly interfering with the Jury to prevent an indictment—the indignant demonstrations of jurors who talked about bribes being offered them, then quietly cooled down and changed their votes. Last came the exhibition of voting an indictment and reconsidering. It is matter of notoriety that, after all the evidence was in, an indictment was voted by *sixteen to seven*; though this vote was informal, and was not, therefore, entered upon the journal. Next, without additional evidence or argument, a reconsideration was had, and an indictment again voted, by *thirteen to ten*. A new reconsideration, and an indictment by *twelve to eleven*. Still another reconsideration, and an indictment *refused*, by *eleven to twelve*! After all this, which consumed two entire days, as shown by a note by the Foreman, the Prosecuting Attorney presented the draft of an indictment, with the suggestion that it might be "ignored!" The suggestion, which would have cast off future investigation, was not acted upon, however.

And thus, for the present, this curious case rests—the individual found in possession of the booty standing acquitted,

without being required even to explain how he came by it ; while those who dared, in justice to the interests of the people of the State, to ask for an investigation, are driven to defend themselves for doing so !

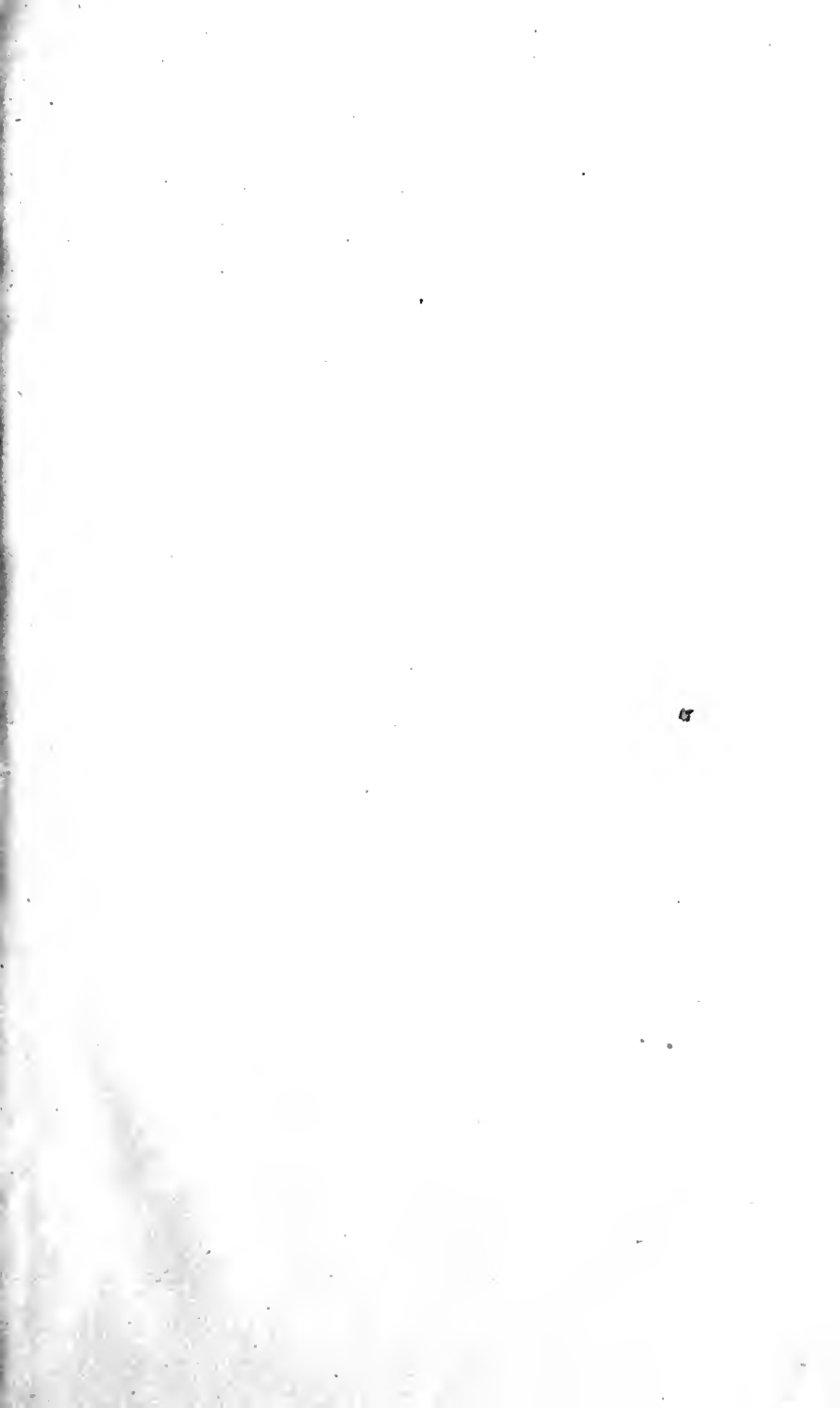
The case is a most remarkable one—remarkable, in view of the magnitude and boldness of the fraud and the method of its accomplishment—remarkable, in view of the financial reputation and political and social position of the party most deeply (if not alone) implicated—remarkable, in view of the absence of ordinary motive or temptation (in necessity, at least,) to the commission of such a crime—remarkable, in its history before the Grand Jury ; in the means employed to stifle investigation, and their apparent success ; in the repeated findings and reconsiderations, without apparent motive or reason for the change, such as might be furnished by the acquisition of new information ; in the omission of sworn officers to discharge a plain duty, so long as there was any prospect that an indictment would be found ; and in the proffering of the bill when it could be employed to the advantage of the implicated party ; in the impudent interference of the counsel of the implicated party in endeavoring to influence the Grand Jury, and introduce witnesses for the defence, as if on a final trial, although the law expressly declares that, “in all complaints exhibited before the Grand Jury of any county, *they shall hear the witnesses on behalf of the people only* ;” and, lastly, it is remarkable, in the incessant abuse, both during and since the investigation, of every person suspected of a desire for a thorough exposure of all the facts, in order that suspicion may fasten upon the really guilty party.

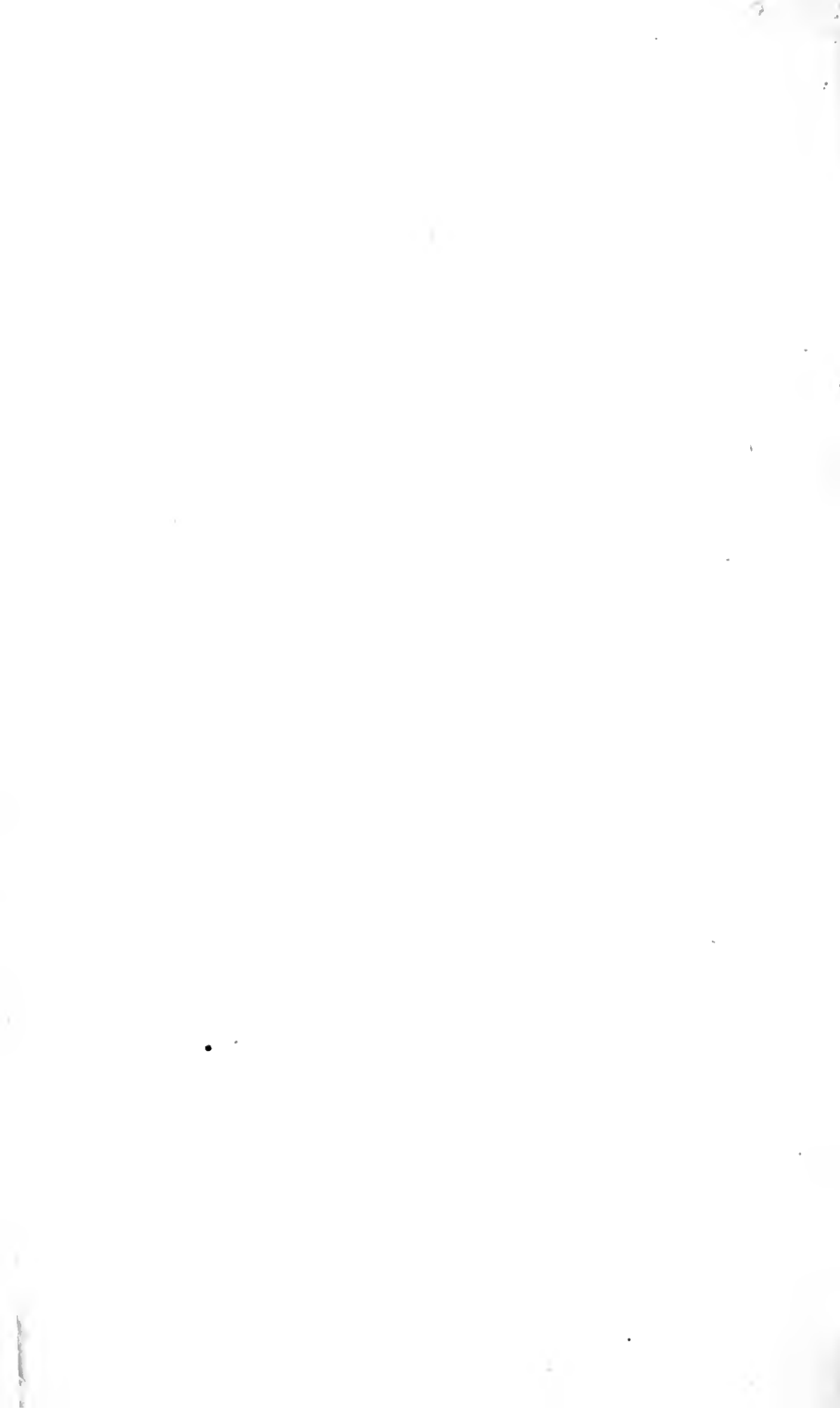
In view of all this sworn evidence bearing in the same direction, with nothing to directly contradict or discredit it—every part of which is not only in harmony with and corroborative of the other parts, but all of which is corroborated by whatever is purely circumstantial in the case—what is the conclusion of the whole matter ? Let each intelligent, candid and unprejudiced man, having read and weighed the testimony, decide for himself what conclusion is possible and inevitable.

The purpose announced at the beginning of this article has been fulfilled. The important and leading facts and circumstances of the case have been placed before the public as fully as was consistent with reasonable limits, and, at the same time, as clearly and succinctly as possible. The matter is before the public, to be judged by the simplest rules of evidence and the irresistible logic of the facts.











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